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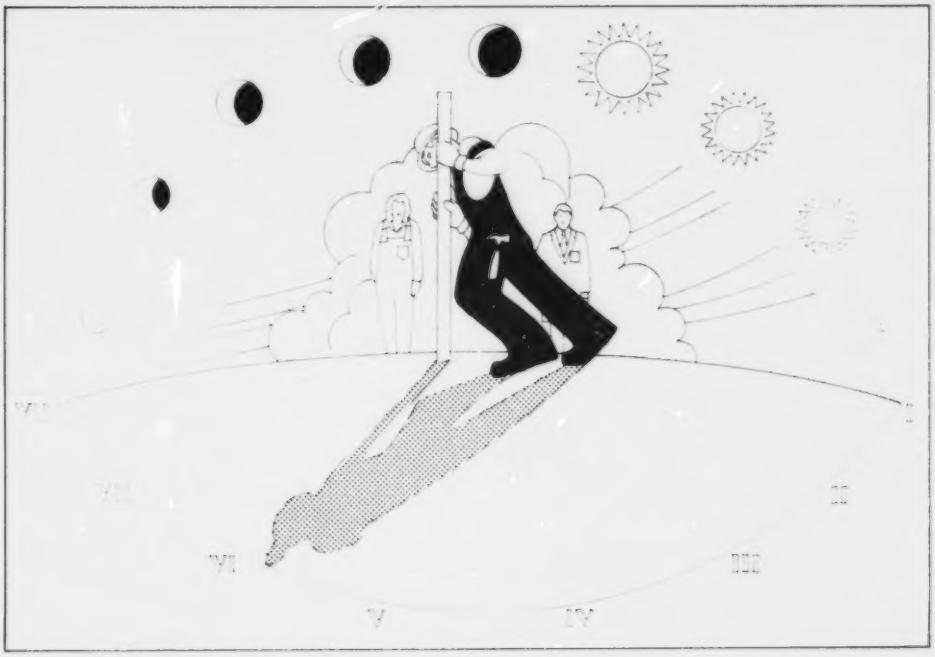
Ontario Task Force on Hours of Work and Overtime
Groupe d'étude de l'Ontario sur les heures de travail et les heures supplémentaires

Research Report

Prepared for the Ontario Task Force on Hours of Work and Overtime



Hours of Work and Overtime: The European Experience

"HOURS OF WORK AND OVERTIME: THE EUROPEAN EXPERIENCE"

by

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(A Report Prepared for the Ontario Task Force on Hours of Work and Overtime)

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The views expressed in this report are those of the author and need not reflect the position of the Ontario Task Force on Hours of Work and Overtime.

September 1987

This background report was completed in September 1986 and is being published to coincide with the publication of the phase 11 Report of the Ontario Task Force on Hours of Work and Overtime.

Abstract: "Hours of Work and Overtime: The European Experience"

In recent years, many European countries have followed a conscious policy of reducing hours of work as a form of worksharing. This issue is a much more prominent part of the policy agenda in Europe than in North America, partly because of the lack of job creation from other sources. Therefore, an examination of the European scene may be instructive in determining whether restrictions on overtime in Ontario may lead to job creation. This study examines the extent and incidence of overtime in selected countries; reviews regulations; considers overtime from the perspective of employer, employee, and union; and summarizes the ongoing debate over governmental policies toward hours restrictions and overtime reduction.

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INTRODUCTION

Determinants of Overtime Hours Worked

Issues of overtime and overtime reduction have to be viewed within the broader framework of changing working time and its determinants. Spheres of major influence to be distinguished in this regard are:

- Secular and cyclical reductions in hours offered for work on account of changing trade-offs between work and leisure.

- Associated changes in unit labour costs and labour productivity facilitating or impeding reductions in hours of work.

- Demographic and labour force changes in the form of such factors as high youth labour force growth, increasing female labour force participation, or a rapidly aging labour force. These impose labour market constraints in terms of unemployment differences among various groups of labour market participants. Demands for worksharing by means of reducing overtime hours of work can result from the above-mentioned labour market developments.

- A prime determinant of varying patterns of hours and employment, including part-time work, shiftwork, and overtime work, has been the nature of demand for products and services and associated technologies of production. Legislation on employment standards and other legislative restrictions concerning the hiring, promotion, training, and dismissal of labour, together with constraints emanating from collective bargaining, typically change the fixed cost of human and physical capital, thereby altering patterns of labour utilization.

- The above highlight the importance of varying socio-political environments in which a firm can carry out human resource policies and strategies. Governments, unions, and employer organizations play an important role in shaping national policies with respect to working time.

- The extent to which hours of work, including overtime hours, can be rearranged also hinges upon the efficiency of existing work-time arrangements. Inefficiencies, which can result from outdated work norms and conventions, or simply from organizational inertia, are likely to vary across firms, industries, and jurisdictions.

The focus of this study is on hours arrangements (particularly overtime hours) in the context of varying European environments of employment standards legislation and collective bargaining. The first main section, following the Introduction, provides a statistical analysis of the level and incidence of overtime work within the wider framework of hours arrangements in select European jurisdictions. Differing forms of employment legislation, work-time laws, and binding collective agreements dealing with hours arrangements are reviewed in the second main section. The next two sections focus on the varying economic interests of employers, employees, and their representatives in overtime work and the balancing of these interests through market forces and/or national policies. Before turning to the first main section, a brief description is required of demographic changes, varying effects of education and training systems, and prevailing social norms and values and their implications for the behaviour of internal and external labour markets. This should provide the reader with some appreciation of the wider socio-political context of hours legislation and national policies dealing with overtime restrictions.

Most European countries have shared similar postwar demographic changes and labour force developments: a process of labour force aging owing to declining fertility rates, combined with a secular increase in female labour force participation rates which were interrupted by a major baby boom in the sixties. Differences in the absolute size and timing of these developments, however, have existed and have resulted in considerable variations in labour market aggregates and labour market behaviour across European jurisdictions. Female labour force participation rates are 40 per cent and below in the south of Europe (Italy, Spain, Greece), although nordic countries

(Sweden, Denmark, Norway) record rates of 70 per cent and above. This has meant that the latter countries have had to confront earlier such issues as sex discrimination, part-time employment, and flexible working systems, thereby differentially shaping attitudes and perceptions of alternatives among unions, governments, and employers. For example, Swedish labour unions accepted part-time labour and fought for the right of part-time workers much earlier and more forcefully than did their French, Italian, or British counterparts. Swedish governments have intervened more frequently in labour markets in order to equalize opportunities, and Swedish employers therefore had to operate with an enlarged set of alternatives and constraints.

Intercountry differences also exist with respect to the pattern of labour migration both in terms of size and implications for labour market behaviour. A relatively large influx of foreign workers from the Mediterranean Basin into West Germany, and of North African workers into France during the sixties, have created a sizable marginal workforce, which has led to a more elastic labour supply and a more segmented workforce. Among foreign (guest) workers a disproportionate share work in low-skilled and low-paid jobs with no or few long-run career options. Foreign workers also have been reported to prefer working long hours in order to supplement low incomes (Weidinger and Hoff 1984, p. 90). Thus, adjustments of overtime hours with foreign workers may have provided a short-run alternative to employers. Segmentation problems, however, also can exist for older workers, youths, and certain female labour market participants. This raises the more general question as to the impact of nationally varying systems of education and training upon the distribution of worker skills. Fixed costs of employment, particularly those associated with on-the-job training, relate directly to prevailing public systems of education and training. Differential fixed costs of employment (varying by group of worker), however, are important for the decision on the desirability of overtime hours. Fixed costs of employment in terms of training are likely to be lower in those jurisdictions where the public system of education and training produces skills which need little further specification, redirection, and upgrading by the employer (e.g., professional and apprenticeship training) or where existing subsidy

schemes have lowered fixed costs of employment for certain groups of workers. There is considerable variation among European countries with respect to problems of transition from school to work, and from household to the labour force, as evidenced by varying rates of unemployment for specific groups; at least part of these problems ultimately must relate to questions of education and training.

Finally, in influencing working time arrangements there are numerous variables dealing with the influence of social norms, conventions, and cultural values such as individualism versus group orientation (and associated solidarity) and the relative short-run of long-run orientation of the social partners. For example, British voluntarism, based upon long-standing traditions of liberalism, has been linked to that country's far more decentralized industrial relations structures -- with different patterns of bargaining and coverage of workers -- and is stronger than in comparable other countries with more "corporatist" structures. Variations in coverage and degree of centralization in industrial relations can affect both the setting and outcome of union demands for hours reductions (Clegg 1976, pp. 68ff.).

In the sections that follow, we shall focus on patterns of overtime work and on national policies to reduce overtime work within the general context of worksharing. Since this constitutes only one facet of work-time patterns, the analysis has to be viewed in light of the larger picture of working-time changes and alternative worksharing possibilities, among them, changes in shiftwork, short-time working, vacation and holidays, part-time work, early retirement, and flexitime and compressed workweek arrangements.

In order to cover the spectrum of varying European policy approaches towards overtime work -- and given severe problems of data availability -- detailed analyses are provided for the following European countries: Austria, Denmark, France, West Germany, the Netherlands, Italy, the United Kingdom, and Sweden. U.S. and Japanese data together with Japanese background information have been included to provide further contrasting background.

THE EXTENT AND INCIDENCE OF OVERTIME IN SELECTED COUNTRIES

Overtime hours are usually defined as the amount of working time exceeding normal weekly hours, where the latter have been determined by collective agreements, arbitral award, or public regulation. Where no normal hours are fixed, overtime according to International Labour Office (ILO) conventions represents simply that portion of weekly hours for which an overtime premium is being paid. Thus, the measurement and recording of overtime hours of work are closely tied to a count of normal or standard hours. Unfortunately, weekly hours can be expressed in at least six different ways and cover different populations, thereby indirectly affecting national measures of overtime incidence.

Concepts of Hours of Work and Measurement Problems

Currently, European countries use six different concepts of hours of work:

1. normal weekly hours also referred to as conventional, contractual, or standard weekly hours;
2. hours actually worked;
3. hours of work offered (by the employer);
4. normal weekly hours plus overtime;
5. hours usually worked; and
6. paid weekly hours.

Differences among various definitions of hours of work arise in the main from differences in assessment method (for example, variations in respondents) and differences in logic.

Hours Actually Worked:

The most common hours of work measure excludes hours paid for but not worked during the workweek, such as paid annual leave, paid holidays and paid sick leave, meal breaks, and time spent travelling to and from work. It covers all forms of actual work and/or presence for working purposes, including overtime work. Unless not otherwise specified, hours actually worked normally include part-time work and short-time working. Thus, strong variations in either category will affect recorded average figures.

Hours of Work Offered:

Hours of work offered have been defined by the office of the European Communities as hours worked during a normal week during which there are no public holidays. They exclude hours lost for technical and/or economic reasons; hence, short-time working is excluded. The respondent is usually the employing establishment as is the case, for example, with France's quarterly labour survey.

Normal Weekly Hours Plus Overtime:

Normal weekly hours plus overtime is identical, in every respect, to hours of work offered, except that it excludes hours not worked for technical or economic reasons. This concept is heavily used in the U.K., where it also forms the basis for the British New Earnings Survey.

Hours Usually Worked:

Hours usually worked, according to the household surveys, is the demand-side equivalent of hours of work offered.

Paid Hours of Work:

Paid hours of work includes all hours for which the worker received payments. It normally excludes hours paid at a reduced rate. The most important categories are paid annual leave, paid sick leave, and paid maternity leave.

Summary of Concepts:

Overtime hours of work are thus included in all weekly hours categories with the exception of normal or standard hours.

A prime question to be answered from an inquiry into the extent and incidence of overtime has to deal with the reaction of overtime hours to temporary and/or long-term reductions in weekly hours of work. Both conceptually, and in terms of data availability, normal hours or hours actually worked qualify as hours of work measures for the expression of overtime. For example, overtime can be expressed either vis-a-vis actual hours worked or normal (standard) hours

worked. Usually, it is expressed as a percentage or "intensity" measure, e.g.:

$$\frac{\text{average overtime per worker per week}}{\text{average weekly hours actually worked per worker (or standard hours)}} \times 100$$

Hours actually worked reflect the influence of both the supply and demand sides of the labour market and thus are well suited to indicate the firm's required changes in employment and/or in additional hours in order to maintain or expand production. However, fairly small groups of workers displaying different patterns of working time can have a rather disproportionate effect upon recorded averages of weekly hours. For example, the much greater dispersion of average hours worked in the U.K. stems from the shorter normal weekly hours of women and of non-manual workers. (Eurostat 1984, Working Time Statistics, p. 15).

To the extent that normal or standard weekly hours reflect the effects of social regulations through legislation or collective bargaining, this concept too is relevant in conjunction with measures of overtime. Changes in legislated hours standards automatically affect the amount of desirable overtime by setting a new triggering threshold for overtime premium compensation. Thus, relationships between normal and overtime hours may be particularly important from a regulatory perspective. Both concepts of expressing overtime hours will be used throughout the report. Normal hours display large variabilities in the collective-bargaining setting; further, they were not available in time series form for France and Denmark. Hence, we start with an analysis of overtime relative to average hours worked.

Overtime Hours: An International Comparison

Ideally, an international evaluation of overtime intensity should cover a time series analysis of both the level and variance across sectors, occupations, and varying groups of workers. Severe constraints on data availability made such an approach impossible. Therefore, the approach taken was to use whichever data were

available from different sources including Eurostatistics, nationally reported data, and, in some cases, statistics contained in unpublished ILO reports on overtime work. The results are presented in Tables 1 and 2 below, and in Tables A1 to A7 in the Appendix.

Table 1 shows actual hours of weekly overtime in relation to average weekly hours worked, together with a number of other key macro and labour market aggregates such as the inflation and unemployment rate, real weekly compensation, and the share of part-time employment. In some cases (Austria), hours of overtime were available for only one census year; other countries show overtime only for the seventies or eighties or only national rates for manufacturing. In the case of the U.K., overtime hours and rates apply only to male manual workers. Despite weaknesses in coverage, the existing mosaic of data allows the following overall interpretation:

1. Even when one makes allowances for data differences, the United States, Japan, and the U.K. clearly emerge as the overtime intensive jurisdictions, with Austria, Sweden, and the Netherlands at the bottom of the list. Most other European countries fall between these two groups. In terms of overall intensity, Canada fares rather well; for example, it shows rates close to those of Sweden. (Note, however, the downward bias on account of matching industry-wide overtime rates with hours paid in manufacturing only.)

2. From a secular perspective, we can distinguish countries where rates have hardly changed over the long run (e.g., Canada, the United States, and the U.K.) from those where there has been a secular rise (e.g., Japan over the past seven years). Most European jurisdictions included in Table 1 show declines of overtime during the latter part of the seventies and eighties.

Table 1
Overtime Intensity, Economic and Labour Market Indicators in Selected Countries, Different Years

Countries	Year	Average Weekly Hours Worked	Average Weekly Hours of Overtime per Worker	Overtime as a %age of Average Weekly Hours Worked	Rate of Unemployment	Part-Time Employment as a %age of Total Employment
Canada	60	40.4			6.5	
	65	41.4			3.6	
	70	39.7			5.7	
	73	39.6			5.5	10.6
	75	38.6	0.92	2.4	6.9	
	77	38.7	0.87	2.2	8.1	
	79	38.8	0.93	2.4	7.4	12.5
	81	38.5	0.92	2.4	7.5	13.5
	83	38.4	0.84	2.2	11.9	15.4
United States	60	39.7	2.5	6.3	5.5	
	65	41.2	3.6	8.7	4.5	
	70	39.8	3.0	7.5	4.9	
	71	40.7	3.8	9.3	4.9	13.9
	75	39.5	2.6	6.6	8.5	
	77	40.3	3.5	8.7	7.1	
	79	40.2	3.3	8.2	5.8	14.4
	81	39.8	2.8	7.0	7.6	14.4
	83	40.1	3.0	7.5	9.6	14.4
Austria	60	43.5			3.6	
	65	42.4			2.7	
	70	40.8			2.4	5.9
	71	39.6			1.6	6.4
	75	38.3			2.0	7.2
	77	37.7			1.8	7.0
	79	37.6			2.0	7.6
	81	36.8			2.4	7.6
	83	36.7	1.8	0.49	4.5	8.3

Table 1 (continued -- page 2)

Countries	Year	Average Weekly Hours Worked	Average Weekly Hours of Overtime per Worker	Overtime as a %age of Average Weekly Hours Worked	Rate of Unemployment	Part-Time Employment as a %age of Total Employment
Denmark	60					
	65				2.3	
	70	35.6	1.6	4.4	2.9	
	73	32.4	1.2	3.8	2.4	21.2
	75	31.9	0.9	2.9	4.9	
	77	31.8	0.9	2.8	6.9	
	79	31.0	1.0	3.1	7.4	22.7
	81				10.3	20.8
	83				10.7	23.7
France	60	45.7			1.6	
	65	45.6			1.4	
	70	44.8			2.4	
	73	43.6	3.0	6.8	2.7	7.2
	75	41.7	2.2	5.2	4.2	
	77	41.3	1.4	3.3	4.9	
	79	40.8			6.1	8.2
	81	40.3			7.7	7.4
	83	38.9			8.8	9.7
Italy	60	40.4			3.2	
	65	39.4			3.0	
	70	39.0			2.8	
	73	38.4	4.4	11.5	3.2	6.4
	75	38.4	2.5	6.5	3.0	
	77	38.5	2.6	6.8	3.6	
	79	38.3	2.7	7.0	3.9	2.7
	81	38.8			4.3	5.3
	83				5.2	4.6

Table 1 (continued -- page 3)

Countries	Year	Average Weekly Hours Worked	Average Weekly Hours of Overtime per Worker	Overtime as a %age of Average Weekly Hours Worked	Rate of Unemployment	Part-Time Employment as a %age of Total Employment
Japan	60	47.8			1.7	
	65	44.3			1.2	
	70	43.3			1.2	
	73	42.0			1.7	7.9
	75	38.8			1.9	
	77	40.3			2.0	
	79	41.6	3.6	8.7	2.1	9.6
	81	41.0	3.7	9.0	2.2	10.0
	83	41.1	4.1	10.0	2.7	10.5
Netherlands	60	48.8				
	65	46.1				
	70					
	73				3.2	8.7
	75				5.2	
	77	44.8	0.8	2.0	5.0	
	79	40.8	0.8	2.0	5.3	11.4
	81	40.6	0.6	1.5	8.1	19.4
	83				13.7	21.2
Sweden	60	47.2			1.7	
	65	45.5			1.2	
	70	42.7			1.5	
	73	39.5	1.1	2.7	2.5	18.0
	75	38.4	0.9	2.4	1.6	
	77	37.9	0.6	1.6	1.8	
	79	37.6	0.9	2.3	2.1	24.2
	81	37.4	0.7	1.9	2.5	25.2
	83	37.7	0.7	1.9	3.5	25.4

Table 1 (continued -- page 4)

Countries	Year	Average Weekly Hours Worked	Average Weekly Hours of Overtime per Worker	Overtime as a %age of Average Weekly Hours Worked	Rate of Unemployment	Part-Time Employment as a %age of Total Employment
United Kingdom	60				2.1	
	65				2.1	
	70	45.7			3.1	
	73	45.6			3.2	16.0
	75	43.6	5.6	12.8	4.6	
	77	44.2	5.8	13.1	6.3	
	79	44.0	6.3	14.3	5.6	16.4
	81		4.5		10.5	15.4
	83		4.7		13.4	19.1
West Germany	60	46.7	2.1	4.5	1.1	
	65	45.3	2.7	5.9	0.3	
	70	44.8	3.6	8.1	0.5	
	73	43.3	3.0	6.9	0.7	10.1
	75	41.8	2.3	5.6	3.4	
	77	42.5	2.3	5.3	3.5	
	79	41.7	2.3	5.4	3.0	11.4
	81	41.1	1.9	4.6	4.1	10.2
	83	40.8	1.5	3.7	7.3	12.6

Canada: Average weekly hours paid in manufacturing from: ILO, Yearbook of Labour Statistics. Overtime hour statistics represent average overtime and extra hours of work per labour force as reported in Reid, F., Overtime Work in Canada: A National Monograph, prepared for the ILO, Toronto: Centre for Industrial Relations, 1985, Table 12.

United States: Average actual hours worked and average hours of overtime of production or non-supervisory workers in manufacturing from: Handbook of Labor Statistics, Bulletin 2217. Washington, D.C.: U.S. Department of Labor (1984). Tables 70 and 72.

Austria: Actual average hours worked and average overtime per week and part-time employment from: Beirat fuer Wirtschafts - und Sozialfragen. Arbeitszeitentwicklung und Arbeitszeitpolitik. Vienna: 1984, Tables 1, 5 and 6. Unemployment rate from: Austrian Statistical Yearbook.

Table 1 (concluded -- page 5)

Denmark:	Actual average weekly hours and overtime hours per week from: Euro Stat. Working Time Statistics. Office for the publication of the EEC. Luxembourg: 1983, Tables 4 and 5.
France:	Average actual weekly hours offered to manual workers in manufacturing from Euro Stat, ibid., Table 11. Average weekly hours of overtime worked in manufacturing from annual hours in ETUI, Overtime Working, Brussels: 1979, Table 8.
Italy:	Average actual weekly hours worked in manufacturing from: ILO Yearbook of Labour Statistics; overtime as a percentage of hours actually worked in manufacturing from: Euro Stat, ibid., Table 17.
Japan:	Average actual weekly hours worked from: ILO Statistical Yearbook. Average weekly overtime per worker calculated from annual overtime hours, quoted in: Japan Economic Journal, June 6, 1986.
Netherlands:	Average weekly paid hours and average hours of overtime from: Euro Stat, ibid., Table 19.
Sweden:	Average actual hours worked per week in manufacturing from ILO Statistical Yearbook. Overtime as a percentage of actual hours worked per week in manufacturing from: Axling, M., Overtime Work in Sweden: A National Monograph, prepared for the ILO, Stockholm: 1983, p. 35.
United Kingdom:	Average hours actually worked by manual workers in industry and certain services from: Euro Stat, ibid., Table 20. Average weekly overtime for male workers in all industries, manufacturing and non-manufacturing, from: New Earnings Survey, various years, quoted in: White, M., Overtime Working in the United Kingdom: A National Monograph, prepared for the ILO, London: 1984, Table 15.
West Germany:	Average actual weekly hours worked and average hours of overtime per week from: Weidinger, M. and A. Hoff, Overtime in West Germany: A National Monograph. prepared for the ILO, Berlin: 1984, Table 13.

Sources: Unemployment rates, except for Austria and Denmark, from: Handbook of Labor Statistics, Bulletin 2217, U.S. Department of Labor, Tables 126, 135 and 136, Washington, D.C. Part-time employment from: OECD: Employment Outlook 1983 and 1985. Tables 18 and 25.

Table 2
Overtime as a Percentage of Weekly Hours Worked in Major Industries and Jurisdictions (Different Years)

Industrial Sector	Canada (1984)	United States (1983)	Sweden (1982)	United Kingdom* (1982)	West Germany* (1985)	Italy (1979)
Agriculture and Forestry	6.9	n.a.	n.a.	11.1	n.a.	n.a.
Mining	7.1	n.a.	1.8	5.4	4.2	n.a.
Manufacturing (Average)	4.4	7.5	1.9	10.7	4.8	n.a.
Food & Beverage	n.a.	9.1	2.5	14.2	9.1	n.a.
Textiles	n.a.	8.7	0.8	9.3	5.9	2.5
Wood Products	n.a.	7.7	1.8	n.a.	4.2	n.a.
Paper	n.a.	10.8	3.2	11.6	5.2	n.a.
Chemical	n.a.	7.4	1.9	10.2	2.7	1.6
Basic Metal	n.a.	7.4	1.9	10.7	5.2	2.8
Engineering	n.a.	9.2	1.7	10.3	4.2	n.a.
Construction	3.8	n.a.	1.3	11.0	6.8	n.a.
Transportation and Communication	3.3	n.a.	3.0	16.4	4.9	n.a.
Trade	1.8	n.a.	0.8	n.a.	4.2	n.a.
Financial Services	1.8	n.a.	n.a.	12.9	3.1	n.a.
Services	10.2	n.a.	n.a.	10.7	3.5	n.a.
Public Administration	-	n.a.	n.a.	9.1	1.6	n.a.

* Male workers only
n.a. - not available

Canada: Reid, F., Overtime Work in Canada: A National Monograph, prepared for the ILO, Toronto: Centre for Industrial Relations, 1985, Table 1.

United States: Handbook of Labor Statistics, Bulletin 2217, Hours of Work Series, Washington, D.C.: U.S. Department of Labor (1984), Tables 70-73.

Sweden: Axling, M., Overtime Work in Sweden: A National Monograph, prepared for the ILO, Stockholm: 1983, p.35.

United Kingdom: White, M., Overtime Working in the United Kingdom, A National Monograph, prepared for the ILO.

West Germany: IAB Project 2-345. Entwicklung, Strukturen und Bestimmungsgroessen von Ueberstunden, Nuremberg: 1987, Tables A5 and A7.

Italy: de Grazia, R., Les heures supplementaires en Italie, ILO: 1985, Tables XI and XII, p.21.

3. Aggregate data mask the variations on account of the differences in the relative importance of the various sectors that use different amounts of overtime. Additional statistical breakdowns by individual sector (Table 2) show that the United States, the U.K., and Canada display much greater variation in overtime intensity across sectors and occupations than do most of the European countries for which statistics were available. Invariably, such sectors as agriculture and associated food-processing industries, and/or other seasonal industries such as tourism, show higher rates of overtime across all jurisdictions. More surprising are large cross-country variations in sectors such aa transportation and communication, public administration, and certain manufacturing industries. In absolute terms, intracountry variations appear large in the U.K., ranging from a high of 11.1 per cent in agriculture and forestry to a low of 5.4 per cent in mining. Although not strictly comparable on account of differences in sectoral coverage, absolute differences are smaller in such countries as Sweden or Italy (see also Tables A1 to A5 in the Appendix).

4. Overtime hours generally behave procyclically. Although not true for all countries, overtime intensity in most European countries was much lower in 1975 than in 1973 or 1977.

5. No obvious patterns appear to exist between overtime work and overall economic performance. Countries with low and high secular increases in productivity and real earnings (e.g., respectively the U.K. and the United States versus Japan) work long hours. Low hours of overtime, similarly, do not automatically correlate with low rates of unemployment, as demonstrated by the difference between Austria and the Netherlands. Finally, patterns of part-time employment show no clear relationship with overtime intensity, although the two countries with low and stable overtime hours (Sweden and the Netherlands) appear to have recorded the largest gains in part-time employment over the past 10 years.

6. Some variance in nationally recorded overtime intensity may be associated with differences in the gender and skill composition of comparative workforces. Female overtime rates are invariably 75 to 50 per cent lower than male rates; thus, high levels of female employment (e.g., in Sweden or Denmark) may in part depress national aggregates of overtime intensity. (For direct comparisons of male/female overtime rates, see Tables A1, A1b, A2, A3b and A4 in the Appendix.) However, the relationship between skill and overtime intensity is less clear both from an intercountry and intracountry perspective. For example, moving from skill and job grades 1 to 3 in West German manufacturing hardly changes overtime intensity for female workers, and is inverse for male workers (see Table A4 in the Appendix). White collar workers as a rule tend to work less overtime (see Table A2 in the Appendix for the British case); however, there is a fair amount of overtime by supervisory and managerial personnel that often is not recorded because it is provided without explicit compensation.

7. Overtime work is also fairly seasonal. Monthly patterns of overtime work in Britain and Italy (Table A7 and figure A1 in the Appendix) typically show a surge in overtime during the holiday period of July and August.

<u>Overtime Hours and Reductions in Standard Hours of Work</u>

Evidence regarding the regulatory effects of both standard and overtime hours regulations in select European countries are provided later in this report. At this point, we only consider broader and statistically relevant relationships between standard (or normal) and overtime hours of work. Not all countries provide information on normal hours of work; because of large variations across bargaining sectors, there often are no national or meaningful statistics. Furthermore, legislated standard hours may not have changed appreciable over recorded periods of time. Utmost caution should therefore be attached to any observed common trends between actual hours worked and overtime or concerning hours of overtime relative to standard hours.

The latter has been available for West Germany from special tabulations of the West German Institute of Labour and is reproduced in Figure A3 in the Appendix. Figure A3 in the shaded area traces average hours of overtime worked per worker in the West German economy which subsequently is compared with an overtime intensity index. The latter is calculated as the percentage of average weekly hours of overtime per standard weekly hours of work. Both curves coincide with respect to their amplitude and timing of directional changes. Thus, changes in standard hours appear to coincide with changes in overtime. Whether or not this relationship is stable obviously hinges critically upon other legislative restrictions on overtime, a topic to be covered more fully in the next section.

THE REGULATION OF HOURS AND OVERTIME WORK IN EUROPE

Summary data on hours and overtime regulations, as contained in the Conditions of Work Digest by the ILO (1983) and the parallel compilation of summary statistics by the Council of Europe (1983), can be compared with conditions prevailing in Ontario. (See Tables 3 to 6.)

As can be seen from Tables 4 and 6, most countries provide for both statutory and collective agreement provisions dealing with maximum hours for normal and overtime work. In the summary provided by the ILO, only the United Kingdom and Denmark are shown as having no legal provisions for the regulation of overtime work and only Japan and Canada appear without collective agreement provisions. The latter, however, reflects the ILO's lack of thorough information on collective agreement provisions in some countries, as indicated in its introduction to the summary data (ILO, Conditions of Work Digest, pp. 33ff.). The summary data similarly do not account for most recent changes such as the 1985 draft law on working time in West Germany and the Netherlands, nor do they provide comparisons with respect to national differences in the coverage of, and exemptions from, overtime regulations. The latter information is available from

Table 3
Overtime Regulation in Selected Industrialized Countries: International Labour Organization Summary

Country	Normal Hours Per Week	Overtime Premium	Maximum Hours	Conditions for Exceeding Maximum	Collective Agreements and Practice
Austria	40	50%	5 overtime/week[a] 60 overtime/year	Only if not contrary to workers' legitimate interests. Special provisions for young workers and pregnant women and nursing mothers. Prior authorization of labour inspectorate required for overtime in excess of maximum-hour limits, accorded only where the work is in the public interest.	Steel and metal workers—Premium: 50% for first 2 hours; 100% thereafter and after 19:00; 100% on public holidays. Conditions: Employer must consult works council; workers may refuse to work overtime when contrary to their interests.
Canada	40[b]	50%	48/week	Any employer, whether or not the employees normally work irregular hours, may apply for a ministerial permit, which increases the standard and maximum hours in a week, provided that over such period of weeks as are stated in the permit the average standard hours do not exceed 40 per week and the average maximum hours do not exceed 48 per week.[c]	—
Denmark	—[d]	—	—	—	Premium: 50% during the week; 100% on Sundays, national or religious holidays, or compensatory leave. Textile industry—50% for the first 2 hours; 100% thereafter.[e]

Table 3 - continues

Country	Normal Hours Per Week	Overtime Premium	Maximum Hours	Conditions for Exceeding Maximum	Collective Agreements and Practice
France	39	25% for the first 8 hours; 50% thereafter	10/day; 48/week;[f] 130 overtime/year[g]	Notification of labour inspectorate and works committee or workers' delegates. Prior authorization of labour inspectorate for overtime above annual limit after consultation with works committee or staff delegates. Compensatory leave equal to 20% of overtime worked above 42 hours per week and equal to 50% of overtime worked above 130 hours per year.	Maximum: Lower annual limits in some branches and undertakings (e.g., 94 hours per year in the metalworking industry).
West Germany	48	25%	10/day 30 days/year	Prior authorization of works committee when overtime concerns more than one worker. Prior authorization from labour inspectorate for overtime above maximum.	Premium: 50% stipulated in many collective agreements. Compensatory leave provided for in some collective agreements (e.g., public services, clothing industry, breweries).
Italy	48	10%	2 overtime/day 12 overtime/week	Prior notification of labour inspectorate.	Varies according to sector. Metal-working industry--Premium: 25% during weekdays to 75% on Sundays and holidays. Iron and steel industry--Maximum: 2 hours per day. Commercial sector--Premium: 15% (41st to 48th hour per week); 20% after 48 hours; 30% on public holidays; 50% at night. Maximum: 200 hours per year. Conditions: Agreement of works council usually required.

Table 3 - continued

Country	Normal Hours Per Week	Overtime Premium	Maximum Hours	Conditions for Exceeding Maximum	Collective Agreements and Practice
Japan	48	25%	2 overtime/day for underground and dangerous work	An agreement between the employer and workers' representative is required.[h]	—
Netherlands	48	0%	In general Men: 11/day 62/week Women: 10/day 55/week	Prior authorization from the district employment office for hours worked over 48 per week.	Premium: 25% for the first 2 hours; 50% thereafter. Several agreements provide for compensatory leave.[i] Conditions: Construction—overtime not allowed for worker over 55 years of age; prior consultation with workers' representatives for overtime concerning young workers.
Sweden	40	0%	48 overtime per 4 weeks or 50 per month, up to 200/year[j]	Prior authorization required from the National Board of Occupational Safety and Health for overtime in excess of 200 hours per year, or 48 hours in a 4-week period (up to 150 hours per year).[k]	Textile industry--Premium: 50% during the week; 60-70% on Saturdays; 100% on Sundays and public holidays.
United Kingdom	—[l]	—	—	—[m]	Premium (most frequently set): 50% during the week; 100% on Sundays.
United States	40[n]	50%[o]	None	—	Premium: usually 50%; 100% on weekends and public holidays. Compensatory time-off is sometimes provided.

(Table 3 - continued)

Note: Table provides an overall summary based on information available to the ILO in 1983 and does not contain all facts and special regulations. Dashes mean that no relevant provisions were found.

a Collective agreements may permit 5 additional hours (10 additional hours may be permitted by collective agreements for drivers or for workers employed in the hotel industry or in communications).

b Canada Labour Code, which applies to employees in undertakings within the federal jurisdiction and Labour Acts of several provinces (British Columbia, Manitoba, Saskatchewan).

c Under federal legislation (Canada Labour Code). Similar provisions apply in several provinces.

d Hours of work are regulated through collective agreements. As a general rule, the law provides that workers are entitled to at least 11 hours' daily rest.

e A number of collective agreements regulate maximum limits and conditions concerning overtime. For example, some provide that overtime work should be avoided as far as possible; others contain a direct ban on overtime; several provide for an agreement between the employer and the worker.

f Weekly maximum of 46 hours on average over a 12-week period.

g Lower or higher limits may be determined by a collective agreement or arrangement that has been extended.

h Based on guidelines provided by the Ministry of Labour. Maximum: 15 hours for one week; 28 hours for 2 weeks; 39 hours for 3 weeks; 48 hours for 4 weeks; after 4 weeks, 12 hours per week up to 12 weeks, 50 hours for one month; after one month, 50 hours per month up to 3 months.

i Through the application of annual working hours limits (payment for overtime being due when hours are worked above this annual limit).

j The maximum of 200 hours per year also applies to additional hours worked by part-time workers. A further 150 hours per year may be added to this figure with the authorization of the National Board of Occupational Safety and Health.

k In emergencies (e.g., natural disasters, accidents, or other unforeseen circumstances interrupting the activities of the undertaking or constituting a danger or health risk, etc.), the local association of workers has to be notified. Emergency

overtime may not be worked for more than 2 days from the commencement of work without a request for authorization from the National Board of Occupational Safety and Health.

l The hours of the majority of manual workers and substantial numbers of nonmanual workers are covered by provisions of industry-level collective agreements.

m As with hours of work, overtime is generally covered by provisions of industry-level collective agreements and wage councils.

n Under federal legislation, which covers 50 million employees and provides for overtime payment after 40 hours. State laws of general application in 29 states also require the payment of overtime pay rates after 40 hours. In one state, overtime rates are payable after 45 hours; in one, after 46 hours; and in 3 states, after 48 hours. In addition, several state laws regulate hours of work in certain industries or for certain occupations (e.g., public construction works, mining and smelting, railroad, truck drivers, public sector). A survey of state government employees showed on average a workweek of less than 40 hours, usually 37.3 hours, in 14 states.

o Several state laws contain provisions on overtime. The usual premium rate is 50% (100% in California for work in excess of 12 hours per day).

Source: Adapted from International Labour Organization, Conditions of Work, A Cumulative Digest, Vol. 2 (Autumn) (Geneva: ILO, 1983), various fact sheets.

Table 4
Overtime Regulation in Industrialised Countries

Country	Statutory	Collective Agreements and Practice
Austria	Premium: 50%. Maximum: 5 hours per week <3>, 60 hours per year. Conditions: Only if not contrary to workers' legitimate interests. Special provisions for young workers and pregnant women and nursing mothers. Prior authorisation of Labour Inspectorate required for overtime in excess of above limits, accorded only where the work is in the public interest.	Steel and metal workers: Premium: 50% for first 2 hours; 100% thereafter and after 19:00; 100% on public holidays. Conditions: Employer must consult works council; workers may refuse to work overtime when contrary to their interests.
Canada	Premium: 50%. Conditions: Any employer - whether or not his employees normally work irregular hours - may apply for a ministerial permit which increases the standard and maximum hours in a week, provided that over such period of weeks as are stated in the permit, the average standard hours do not exceed 40 hours per week and the average maximum hours do not exceed 48 per week <6>.	---
Denmark	---	Premium: 50% during the week, 100% on Sundays, national or religious holidays, or compensatory leave; textile industry: 50% for the first two hours, 100% thereafter <7>.
France	Premium: 25% for the first 8 hours, 50% thereafter. Maximum: Daily maximum of 10 hours; weekly maximum of 48 hours <10>; 130 hours annually <11>. Conditions: Notification of labour inspectorate and works committee or workers' delegates. Prior authorisation of labour inspectorate for overtime above annual limit after consultation with works committee or staff delegates. Compensatory leave equal to 20% of overtime worked above 42 hours per week and equal to 50% of overtime worked above 130 hours per year.	Maximum: Lower annual limits in some branches and undertakings (e.g., 94 hours per year in the metalworking industry).

Table 4 continued

Country	Statutory	Collective Agreements and Practice
Germany, Federal Republic of	Premium: 25%. Maximum: Two hours per day (up to 10 hours), 30 days per year (calculated on the basis of a 48-hour week). Conditions: Prior authorisation of works committee when overtime concerns more than one worker. Prior authorisation from Labour Inspectorate for overtime above maximum.	Premium: 50% stipulated in many collective agreements. Compensatory leave provided for in some collective agreements (e.g., public services, clothing industry and breweries).
Italy	Premium: 10%. Maximum: 2 hours per day, 12 hours per week. Conditions: Prior notification of Labour Inspectorate.	Varies according to sector. Metalworking Industry: Premium: 25% during weekdays to 75% on Sundays and holidays. Iron and steel industry: Maximum: 2 hours per day. Commercial sector: Premium: 15% (41st to 48th hour per week(, 20% after 48 hours, 30% on public holidays, 50% at night. Maximum: 200 hours per year. Conditions: Agreement of works council usually required.
Japan	Premium: 25%. Maximum: 2 hours per day for underground and dangerous work. Conditions: An agreement between the employer and workers' representatives is required <15>.	---
Netherlands	Maximum: In general: 10 hours per day and 55 per week for women; 11 hours per day and 62 per week for men. Conditions: Prior authorisation from the district employment office for hours worked over 48 per week.	Premium: 25% for the first 2 hours, 50% thereafter. Several agreements provide for compensatory leave <17>. Conditions: Construction: overtime not allowed for worker over 55 years of age; prior consultation with workers' representatives for overtime concerning young workers.

Table 5 concluded

Country	Statutory	Collective Agreements and Practice
United Kingdom	--- <22>	Premium (most frequently set): 50% during the week; 100% on Sundays.
United	Premium: 50% <23>.	Premium: usually 50%, 100% on weekends and public holidays. Compensatory time off is sometimes provided.

<3> Collective agreements may permit 5 additional hours (10 additional hours may be permitted by collective agreement for drivers, workers employed in the hotel industry or in communications).
<6> Under federal legislation (Canada Labour Code). Similar provisions apply in several provinces.
<7> A number of collective agreements regulate maximum limits and conditions concerning overtime; e.g., some provide that overtime work should be avoided as far as possible; others contain a direct ban on overtime; several provide for an agreement between the employer and the worker.
<10> Weekly maximum of 46 hours on average over a 12-week period.
<11> Lower or higher limits may be determined by a collective agreement or arrangement that has been extended.
<15> Based on the following guidelines provided by the Ministry of Labour: Maximum: 15 hours for one week, 28 hours for a period of two weeks, 39 hours for three weeks, 48 hours for four weeks; after four weeks, 12 hours per week up to 12 weeks, 50 hours for one month; after one month, 50 hours per month up to three months.
<17> Through the application of annual working hours limits (payment for overtime being due when hours are worked above this annual limit).
<20> The maximum of 200 hours per year also applies to additional hours worked by part-time workers. A further 150 hours per year may be added to this figure with the authorisation of the National Board of Occupational Safety and Health.
<21> In emergencies (e.g., natural disasters, accidents or other unforeseen circumstances interrupting the activities of the undertaking or constituting a danger or health risk, etc.), the local association of workers has to be notified. Emergency overtime may not be worked for more than 2 days from the commencement of work without asking for authorisation from the National Board of Occupational Safety and Health.
<22> As hours of work, overtime generally covered by provisions of industry-level collective agreements and wages councils.
<23> Several state laws contain provisions on overtime. The usual premium rate is 50% (100% in California for work in excess of 12 hours per day).

Source: ILO, Conditions of Work, A Cumulative Digest, Vol. 2, No. 2 (Autumn 1983), Geneva, Select Countries, various pages.

Table 5

WORKING HOURS[1] LAID DOWN BY LEGISLATION AND COLLECTIVE AGREEMENTS (1960-1981)

COUNTRY	Normal maximum hours of work (2) - Legislation			Normal hours of work - Collective Agreements		
	Daily	Weekly	Day week basis	Daily	Weekly	Day week basis
Austria	8 1960: 8 1975: 8	40 1960: 48; 1970: 43; 1972: 42; 1975: 40	5		40 1960: 45; 1970: 43; 1972: 42; 1975: 40; for sales personnel and other commercial employees normal working hours could be extended to up to: 1970: 46; 1972: 45; 1975: 44	5
Belgium	8	40 1960: 48; 1964: 45; 1978: 40	6 6 - 5.5		40 1960: 45; 1964: 1971-75: 40 step by step; 1981: many sectors less than 40 - public sector 38; a 36-hour week exists at sectoral level eg large stores, savings, printing and at enterprise level	5
Denmark	No legal provisions				40 1960: 44; 1968: 42.5; 1973: 41.75; 1974: 40; 1980: banking 38.5, insurance 37.5	
Finland		48	5		35-40	5
France		40 Civil servants: 41-43.5. After 1945, 20 and more overtime hours were allowed, therefore 1960: 54 (max. 60) on an average of 12 weeks. The modification in the years 1967-70 concern the reduction of overtime hours on the basis of 40 hours per week and 4.5-5 or 6 day week basis.	5; 5.5 or 6		40 1968: Accord de Grenelle with progressive reduction to up to 40. But not all branches have reached 40. Some have reached less than 40, eg banking, insurance, chemical and metal (at enterprise level).	5
Federal Republic of Germany	8 public sector: 8h 15	48 40	6		40 1960: 44-44.5, reduction step by step in the years 1961-81. Some branches have not reached 40.	5
Greece		No legal provisions		7.5 1960-74: 8 1975: 7.5	43 1960-74: 48; 1975: 45 (public sector lower)	
Iceland		40 1960: 48; 1965: 44; 1972: 40	5		40 1960: 48; 1965: 44; 1972: 40	5
Ireland	9	48 (since 1936)			40 Gradual reduction since 1967.	
Italy	8	48 (since 1923) Administrative authorities: 36-46	6 since 1923		40 1960: 48; 1966-70: 44-45; 1971-73: 40. Some branches have reached less than 40, eg steel: 39, electrical industry: 37, textile at enterprise level: 36 (6 per day on a 6 day basis).	5
Liechtenstein		46 for the industrial sector and commerce 50 for the other employees			43-50	
Luxembourg		48 1966: 44 (42 public sector); 1975: 40	5		40 Gradual reduction since 1966	5
Malta		48	5		40 Progressive reduction in 1960-80	5
Netherlands	8.5; 9 1961: 9 especially in the sectors of services (hospitals, retail trade)	48	5.5; 5	8	40 Some branches have reached less than 40. At the end of the 1960s 40 hours per week	5
Norway	9 (less for shift workers)	40 1960: 45; 1968: 42.5; 1976: 40	5		40 The collective agreements and regulations laid down by law are more or less parallel	5
Portugal	8 employees:7 1971:public sector:7.12	48 employees: 42- 1971: public sector: 36	6 public sector: 5	8-9 1960-80: 8 less for employees	45-45 1960-80: 48 - less for employees	5 1960-80: 6
Spain	9 1960: 8 1970: 9 1980: 9	43 1960: 48; 1976: 44; 1980: 42-43	5.5		41.5 1980: 42.6 on the basis of 1,980 h/year; 1981: 41.5, on the basis of 1,930 h/year. The collective agreements follows the regulations given by the law. Many collective agreements provide for an average of 39.7	
Sweden (3)		40 1960: 45; 1966: 42.5; 1970: 40			No collective agreement on national or branch level. Only for special groups eg shift workers (36 or 38 h/week)	
Switzerland		Private sector: 43 (industrial enterprises, offices etc) or 50 (craft enterprises) public sector: 44 (average per year); customs sector: 42-45. Private sector: 1960: 48; 1966: 46; 1975: 45. Public sector: 1975: 44	5		40-44 1960: 46-50; 1966-81: 40-44 (industrial sector and services; for craft trades and retail trade the numbers are sometimes higher)	5
United Kingdom		48 Only for women and young people	6		37.5-40 1960: 44-45; 1963: 43.3; 1966: 40.4; 1972: 40	5

(1) The norms of 40 or another number of hours generally exclude lunch periods and other non-productive non-working periods. Exceptions to the mentioned norm may often be made for certain branches or groups of workers, eg shift workers, agriculture etc.

(2) Threshold for calculating overtime.

(3) Employed persons with small children can claim a maximum working week of 35 hours.

Source: Council of Europe, "Hours of Work: Comparative Study Evolution and Prospects," Strasbourg, 1983.

Table 6

GENERAL PROVISIONS GOVERNING OVERTIME IN THE LEGISLATION AND IN THE COLLECTIVE AGREEMENTS (1981)

COUNTRY	Provisions - restrictions and exemptions through Legislation and Collective Agreements (1)	Compensation for overtime (2)
Austria	Legal limits: 10 hours per day; 5-10 hours per week (through Collective Agreements 5 hours per week more, for road transport and catering 10 hours per week more); 60 hours per year. In cases of emergency more overtime hours can be allowed through labour inspectorate. (No limit in the public sector.)	Bonus of 50 or 100% per hour Payment or time off in lieu
Belgium	Overtime is in principle forbidden (except in cases of emergency and work which cannot be interrupted), but it can be allowed: a. by Works Inspectorate and with consent of trade union up to 2 hours per day, 10 hours per week and 13 weeks per year; b. by decision of the Commission Paritaire maximum of 1 hour per day, 5 hours per week and 13 weeks per year; The maximum (total of (a) + (b)) may be no more than 2 hours per day, 10 hours per week and 130 hours per year. Some further exemptions also exist.	Bonus of 25, 50 or 100% per hour
Denmark	No legal regulations. There are provisions in the collective agreements eg metal industry maximum of 10 hours in a 4-week period and 5 hours in a single week.	Bonus per hour
Finland	Legal limits: - on a daily basis of normally 8 hours, not more than 20 hours over a 2-week period, - on a weekly basis: not more than 16 hours over a 2-week period with Saturday and Sunday work	Bonus of 50, 100 or 150% per hour
France	Overtime hours (in excess of basic or "equivalent" (3) hours) may only be worked with the prior authorization of the Labour Inspectorate and following consultations with union representatives. Legal limits are on the basis of a 40-hour week - average of 48 hours per week over a period of 12 consecutive weeks (1975 law), - 50 hours over a period of one week (1979 law) and - in cases of emergency 60 hours per week	Bonus of 25 and 50%
Federal Republic of Germany	The statutory hours of work can be exceeded up to the legal limits of: - 10 hours per day on 30 days per year or - 60 hours per week by collective agreements - more than 10 hours per day with the approval of the Works Inspectorate for men (not for women) in cases of emergency and with the approval of the Works Council. There are in some collective agreements limits of 1 hour 30 mins per day or 14 hours per week or 60 hours per year	Bonus of 25 or 50% per hour and/or according to some collective agreements time off in lieu
Greece	Overtime hours are only possible with the prior authorization of the Labour Inspectorate, if more than 3 hours per week are to be worked.	Bonus of 25%
Iceland	No legal regulations. Only in some collective agreements there exist limits of 14 hours per day	
Ireland	Legal limits of: - 2 hours per day (= 11 hours total) - 12 hours per week (= 60 hours total) for the industry	Bonus of 25% per hour
Italy	Overtime hours are only possible with the prior authorization of the Labour Inspectorate and after consultation with workers' representatives. Legal limits of: - 2 hours per day (= 10 hours total) - 12 hours per week (= 60 hours total) In some collective agreements: - 2 hours per day - 8 hours per week } with the approval of the Works Council - 100-150 hours per year	Bonus varies between 10-85% per hour; mostly 25%
Liechtenstein	- Special legal limits of 4 hours per week on average during the year for some groups of workers with special risks, for workers in enterprises with seasonal work and on the basis of an average of 2, 3 and 12 weeks for other groups of workers - General legal limits in different cases of emergency 2 hours per day and 220 hours per year with official approval and 60 hours per year without official approval	Bonus of 25% and 50% or extra holiday
Luxembourg	Legal limit of 2 hours per day. The authorities can grant exemptions in cases of "urgent work"	Bonus of 25% per hour for workers and 50% for white collar workers
Malta		
Netherlands	Overtime hours are only possible with the prior authorization of the Labour Inspectorate Legal limits: for men: 2 hours per day; 14 hours per week for women: 1 hour per day; 7 hours per week In practice the authorities allow only 7 hours per week for men also. Authorization of the Labour Inspectorate if agreed limits included in labour regulations are exceeded.	Bonus per hour
Norway	Legal limits of: - 10 hours per week - 25 hours during 4 consecutive weeks - 200 hours per calendar year - 14 hours total in any 24-hour period These general rules can be extended to 15 hours per week by an agreement with elected union representatives, and to 300 hours per year by agreement with the local working environment committee and in special cases with the approval of the governmental labour inspection	Bonus of at least 40% per hour for statutory hours. Additional compensation provided for by collective agreements
Portugal	Legal limits of 2 hours per day and 240 hours per year. Collective agreements provide for limits of 190 to 240 hours per year.	Bonus of 25 to 50% per hour (legal minimum 50 to 100% per hour (collective agreements)
Spain	Legal limits of 2 hours per day, 15 hours per month and 100 hours per year. These general rules can be extended in special cases with the approval of the Ministry of Labour	Bonus per hour
Sweden	Legal limits of 48 hours in a 4-week period, 50 hours per month and 150 hours per calendar year. Exemptions: for preparatory and finishing work, 6 hours per week or 24 hours in a 4-week period. In cases of emergency there is no limit	Bonus per hour
Switzerland	Legal limits for: a. the private sector: - 2 hours per day - 260 hours per calendar year in enterprises with a weekly maximum of 45 hours of work (industrial enterprises, offices etc) - 320 hours per calendar year in enterprises with a weekly maximum of 50 hours of work (craft enterprises) Approval by the Labour Inspectorate of the cantons is necessary for overtime beyond 90 hours (industrial enterprises offices) and beyond 60 hours (craft enterprises) per calendar year. b. Driver in the private sector: 208 hours per year c. Driver in public transport sector: 130 hours per year	a. Bonus of 25% per hour b. Bonus of 25% or holiday c. Bonus of 25% and holiday
United Kingdom	No legal limits	Eg bonus of 25% or 50% on basis of a typical Wages Council order

(1) Excluding regulations for young people, shift workers and other special groups.
(2) Excluding details of the very different regulations, which exist in the laws and for the collective agreements.
(3) For example, for the personnel of hospitals, 44 hours of overtime correspond to 40 hours worked.

Source: Council of Europe, "Hours of Work: Comparative Study Evolution and Prospects," Strasbourg, 1983.

special unpublished ILO monographs on overtime work in a number of European jurisdictions and will be discussed later.

Where legal statutes and collective agreements simultaneously regulate hours of work and overtime, the latter tend to be of greater significance setting usually lower (hence, constraining) limits. In addition to the restrictions in the number of allowable hours of overtime, the following additional regulatory aspects are of importance:

- o the period(s) over which overtime hours are to be calculated and reckoned;
- o overtime premiums and other compensatory adjustments such as compensatory time off or flexitime systems;
- o the treatment of overtime earnings through taxation;
- o the inclusion or exclusion of special groups or circumstances in working-time restrictions;
- o the regulation and issue of special permissions (permits) either to exceed regulated maximums or to be exempt from restrictions; and
- o information, authorization, or codetermination requirements inherent in the firm's overtime hours decision.

<u>Overtime Employment Standards</u>

Most European jurisdictions provide for a daily maximum of 2 hours of overtime work beyond a statutory 8-hour working day. The same countries having these statutes generally provide for a 10-hour overtime restriction per week. In contrast, there is appreciably more variation as to the upper limits of overtime over longer periods such as one, 2, or 3 months, or one year. For example, annual limits are 60 hours (Austria), 200 hours (Sweden), 240 hours (West Germany), and no additional annual constraints (Italy, Japan). Setting upper overtime-hour limits for longer production periods, such as 2 months or more, provides for flexibility and at the same time curbs persistent or regular overtime as distinct from short-term overtime needs arising out of such factors as emergencies and variability in demand. As pointed out previously, and as illustrated in Tables 4 and 6, maximum overtime provisions in collective agreements either follow national (provincial) statutes or are more stringent.

Overtime restrictions are particularly more stringent in the automotive and heavy goods industries of the manufacturing sector. For example, in 1983, over 30-40 per cent of West Germany's investment and consumer goods industries had overtime restrictions in collective agreements of 6 to 10 hours as compared with the national statute of 10. This percentage was considerably lower in the service and trade sectors, being 5 and 11 per cent respectively (Weidinger and Hoff 1984, p. 46). In most European countries, overtime provisions are specified in legislation or collective agreements at the national level; a notable exception in this regard is the U.K., where overtime restrictions are spelled out at the plant or company level.

Overtime Compensation

Varying overtime pay premiums and other forms of compensation constitute an important second regulatory feature. Indeed, the payment of an overtime premium may be the only way to judge its existence wherever industries or firms have provided for complex flexible time systems or are excluded from national hours statutes.

Most European jurisdictions have set their legal overtime premium at 25 per cent, with Austria having higher and Italy having lower pay scales. Collective agreements invariable override these pay scales, setting overtime premiums on average at 30-50 per cent. There are, however, appreciable differences across sectors and industries, as illustrated by the Italian and West German collective agreements (see Table 7).

Higher rates are invariable set for night work and Saturday, Sunday, and holiday work, ranging from premiums of 50 to 200 per cent, the latter in the case of exceptional holidays such as New Year's Eve. As is true also for normal overtime rates, special overtime premiums are lower in such jurisdictions as Japan or Italy and higher in the nordic countries and Austria, with the majority of industrialized European countries charging an average premium of double pay. The greatest variance in overtime pay scales appears to exist in the United Kingdom, which in part may result from its highly decentralized bargaining system in which local management and shop

Table 7
Overtime Premiums in Italy and West Germany

ITALY		WEST GERMANY	
Sector/Industry	Premium	Sector/Industry	Premium
Cement Industry	23%	Energy/Mining	50%
Metal Industry		Investment Goods	
First 2 Hours	25%	Industry	48%
Remaining Hours	30%		
Woodworking Industry		Trade & Financial	
Manual	26%	Services	42%
Non-Manual	30%		
		Industry Average	37%
Textile Industry			
First 5 Hours	30%		
Remaining Hours	40%		
Footwear Industry	27%		
Construction Industry	35%		

Source: de Grazia, R., Overtime Work in Italy: A National Monograph, prepared for the ILO, Rome: 1985, p.47.

Source: Weidinger, M. and A. Hoff, Overtime and Overtime Policies in West Germany: A National Monograph, prepared for the ILO, Berlin: 1984, p.20.

stewards jointly control overtime and set overtime rates. It may also stem in part from the national agreements or statutes, the latter being of particular relevance for the U.K.'s non-unionized sector.

Given the central role of prices (e.g., overtime rates of pay) in regulating the supply of extra hours of work and it frequent discussion in the North American literature (Ehrenberg 1971a; Ehrenberg and Schumann 1982; Nussbaum and Wise 1978; Solnick and Swimmer 1978), it was surprising to find little corresponding concern and discussions in Europe. Policy statements by labour, management, governments, or other interest groups have been remarkably quiet both on the conceptual and empirical relationship between overtime pay and overtime work. There also has been hardly any empirical work on this question (an exception is Hart 1986). Some European survey evidence regarding the economic interest of workers and employers in overtime will be provided later in this report.

At this juncture it is useful to point to the varying impact of premiums on the use of overtime. When overtime work is mandatory, workers' decisions to work overtime will be affected only by changes in straight pay rates; in the case of totally voluntary overtime however, premiums for overtime work have a direct effect on extra hours of overtime supplied (Perlman 1966, Ehrenberg and Schumann 1982). Although precise evidence on national differences in the mandatory character of overtime work is hard to come by, there is some indication that its extent is comparatively greater in the United States than in Europe (Cuvillier 1984, p. 60). This, nevertheless, does not totally explain the lack of European concern with varying overtime pay rates. Europe's comparatively greater thrust to regulate quantities rather than prices of overtime work is also apparent from prescribed and regulated compensatory time-off schemes.

Italy:

Time-off as the only form of compensation can be found only in the oil refining industry (ETUI 1979, p. 13). According to de Grazia (1985, p. 52), compensatory time-off arrangements for overtime now

exist within general flexible time arrangements in a number of industries, notably the metal, chemical, textile, food-processing, footwear, ceramics, and lumber industries.

France:

France is the only European country that provides for a legal stipulation of overtime compensation in the form of both payments and time-off. The premium is 25 per cent for each hour beyond the normal weekly working hours up to 48 hours, and 50 per cent beyond 48 hours. In addition, for each hour over 42 hours per week there are 12 extra paid minutes of holidays to be taken as time-off (ETUI 1979, p. 13).

Belgium:

A new regulation on overtime, introduced in 1984, provides time compensation in lieu of longer hours of work not exceeding 65 hours over a period of three months in specific cases and to be recuperated in the following quarter. In other cases the average working week per quarter has to be in line with the normal working week while permitting variations within this period. At the same time, overtime rates have been raised to 150 per cent (Kaeding 1986, p. 57).

Denmark:

Tripartite discussions regarding hours reductions and compensatory time-off schemes for overtime work have been recently carried out. It is as yet unclear as to what the likely outcome of these negotiations will be. So far it appears that the Danish government, after an initial legislative attempt, has withdrawn and has decided to find a resolution under its auspices within the Danish collective bargaining system (Kaeding 1986, p. 58).

Sweden:

Accurate and up-to-date information on this aspect was missing with the exception of one statement in the Swedish monograph on overtime work:

> It has become increasingly common practice for overtime compensation to take the form of compensatory leave instead of cash payment. Rules permitting overtime compensation in the form of compensatory leave now exist in several collective

agreements. In certain cases compensatory leaves of absence are restricted to one or two days per month.

(Axling 1983, p. 61)

United Kingdom:

So far, four company agreements have been signed to counter the trend of excessive and systematic overtime working. In two cases (Fort Sterling and British Petroleum) a fifth shift for continuous operations was created. In the case of Brinks, the amount of fixed weekly overtime was replaced by overtime working on a voluntary basis. In the case of Petrofina, weekly hours were reduced and compensation in free time for overtime worked was introduced (Kaeding 1986, p. 60).

Summary:

Thus, although time-off compensation schemes in Europe have largely remained a collective-bargaining issue, there are signs of increased regulations towards mandatory time-off compensation in a number of jurisdictions. Demands have in most cases come from unions (see, for example, ETUI's positions in ETUI 1979, pp. 20ff.), but governments in France, Belgium, West Germany, and Sweden have equally shown interest in regulating overtime through time-off compensation schemes.

Overtime Protection for Special Groups

Most European jurisdictions as well as Japan and North America have put in place labour standards legislation dealing with special protected groups of labour such as minors and young workers, pregnant women and nursing mothers, disabled workers, and as of late, part-time workers. In some jurisdictions, special regulations also exist for restrictions of overtime in hazardous or dangerous work. Public sector employees are similarly covered by special legislation. A sample of intercountry variations with respect to overtime statutes for protected groups is provided below.

West Germany:

According to West German youth labour protection laws (1976, revised in 1984), minors under 15 (apprentices) are allowed to work only up to 7 hours per day or a maximum of 35 hours per week. Youths under

18 generally are allowed to work a maximum of 40 hours per week or 8.5 hours per day. Special (higher) maximum hours are set for shiftwork in agriculture, mining, and construction and in the restaurant, entertainment, and catering businesses. According to the mother protection law (1952), pregnant women and nursing mothers are to be excluded from overtime work. For the purposes of this act, overtime work is defined as:

1. domestic and/or agricultural work extending 9 hours per day or 102 hours per two weeks;
2. work done by women under 18 years of age working beyond 8 hours per day or 90 hours per two weeks; or
3. all other women working beyond 8.5 hours per day or 90 hours per two weeks.

A law for the disabled (1974) stipulates that disabled workers can, upon their request, be exempt from overtime work.

Standard hours and overtime for government employees are regulated separately through federal and provincial employee laws which prescribe a normal workweek of 40 hours with a maximum of 8 1/4 hours per day. Overtime is allowed to the extent that a workday does not exceed 10 hours or a workweek 55 hours. Overtime in the public sector is to be primarily compensated by subsequent time off.

Austria:
Special group employment statutes in Austria parallel those of West Germany.

Sweden:
According to the Parental Leaves Act, female employees are entitled to a full-time leave of absence in connection with childbirth (six weeks before and six weeks after confinement) and are similarly entitled to leaves of absence for nursing. Both types of leave are to be counted as part of completed working hours when calculating allowable overtime (New Working Act 1983). Young workers under 18 are covered under the Environment Act, which sets lower employment

statutes. Protective laws cannot be overridden by collective agreements.

United Kingdom:

Employment standards for young people and women are regulated in the Factories Act (1963), which constitutes the only legal impingement on overtime in the U.K. Actual hours of work for women and young people are restricted to 9 per day; however a total of 11 (inclusive of meal breaks and rest periods) can be spent at the work site. Overtime limits for these two groups of workers are set at 6 per week; there is a maximum of 25 weeks in which overtime can be worked or a maximum of 100 hours of overtime per year. The total hours limit thus is 10 per day (or 12 hours inclusive of breaks and meals). Finally, the employment of women and young people at night is generally forbidden, thus ruling out their employment in a three-shift system.

Italy:

The Employment Protection Low for Children and Young Adults (1967) stipulates maximums of 7 hours per day or 35 per week for minors under the age of 25, and 8 hours per day and 40 per week for those between 15 and 18. According to the Labour Protection Law for Working Women (1971), employers are to provide working mothers of infants (under one year of age) with 2 rest hours per day within a maximum workday of 8 hours. Since 1984, part-time employees are to be restricted from overtime work unless otherwise specified in a collective agreement. Dozens of regulations and statutes exist concerning the regulation of hours, overtime, and overtime compensation of hospital workers, municipal workers, employees in federal ministries, and other public employees.[1]

France:

Women may not undertake night work, may not work underground, or do strenuous work and must have at least one hour of rest during the working day. Young workers under 18 may not undertake night work or strenuous work on shifts, and they are allowed to work a maximum of 40 hours per week.

Denmark:

Restrictive provisions of time and overtime apply only to young workers under 16 years of age, who may not undertake night work after 8 p.m. and must not work excessive overtime.

The Netherlands:

Young persons under 18 may not undertake weekend work, they are entitled to a 12-hour break between two working days, and they may not be required to work more than 8 hours per day. Women may not undertake Sunday work.

Japan:

Women workers are allowed to do overtime amounting to 2 hours a day, 6 hours a week, or a maximum of 150 per year. Women are excluded from night work, underground work and weekly holiday work. There are, however, a number of exceptions to these regulations: emergency situations and certain sectors such as agriculture. [2]

Exemptions from Overtime Restrictions

Most countries which have national restrictions on overtime also have exemption systems whereby maximum allowable hours can be exceeded in certain circumstances for certain groups or industries. Exemption systems often imply the issuing of special permits by labour inspectorates, national councils for health and safety, or other responsible agencies within the control of labour ministries. A brief sample follows of typical exemption and permit systems prevailing in some European countries.

Austria:

The Austrian legislation on working time (1976) excludes at least 9 different branches and industrial activities from overtime regulations, among them, agriculture, the breadbaking industry, domestic workers, teachers, airline employees, and managers and other employees in supervisory positions. It further stipulates an extension of standard hours from 40 to 60 per week or 12 per day (10 for women) for firms requiring regular and necessary additional working time for preparatory and maintenance work. In cases of disputes, a labour inspector decides what constitutes legally

admissible preparatory and maintenance work. In cases where weekly maximum hours (60 for men and 50 for women) are exceeded, further extensions from 5 to 10 hours of overtime per week and 15 in exceptional cases can be granted through special permissions from the labour inspectorate (e.g., in the road transportation, tourism, and entertainment industries).

West Germany:

The West German Working Time Ordinance (1977) excludes agricultural, domestic, and supervisory workers, employees of airlines and commercial ships, and travelling salesmen. Hours can similarly be extended to a weekly maximum of 60 where preparatory and maintenance work is involved. The upper limit of 10 hours per day can be further exceeded by special permission from the trade inspection board, an agency that also rules over the way in which averaging compensation periods for the calculation of normal and overtime hours are to be reckoned when daily working time patterns vary. Working time in seasonal industries can, upon ministerial consent, be averaged over a period of up to one year. Normally, reference periods for the calculation of weekly standard hours vary from 2 to 5 weeks; however, in overriding collective agreements, they can be set higher.

Sweden:

The Swedish Working Hours Act (1983) excludes the same categories of workers as in Austria and West Germany and also excludes all workers entrusted with the arrangement of their own working time, a catch-all category for commercial travellers, consultants, and the like. According to the Act, working hours are set at 40 per week. Overtime is defined as working time in excess of regular working hours. Beyond that the Act recognizes the possibility of additional time and emergency time. Additional and emergency time are either specified in collective agreements or regulated in the Act as an exception permitting an additional maximum of 48 hours per four weeks or 200 hours in overtime per year. Emergency hours, however, apply only to certain sectors such as hospitals, fire protection services, and the police. Beyond that, if there is a natural disaster or accident or another comparable situation requiring additional hours (emergency

overtime), these hours can be obtained through notification of the national board of occupational safety and health. The same body can also grant further exemptions in the form of another 150 hours of annual additional overtime above general annual overtime. Employers must keep accurate records on emergency overtime and additional hours, which are open to inspection from the government, employees, or their nominees. Each unauthorized hour is subject to a fine. In comparison to Austrian and West German legislation, Swedish legislation appears somewhat more restrictive, its statutory rules intended to preclude the implementation of regular and permanent long working hours.

Italy:

In addition to the previously mentioned list of exempt industries and activities, there are also special provisions for seasonal industries. Excluded from the calculation of legal overtime maximums of 2 hours per day or 12 hours per week is the collectively agree additional preparatory time. Beyond that, in cases where the termination of work were to pose a danger to production or people, and provided the labour inspectorate has been notified, special permits for additional hours can be issued. The same law (Decree No. 1979/1955) also provides for the possibility to obtain overtime work permits in all cases where firms face an extraordinary (unusual) workload or other unusual circumstances and where it is impossible to hire outside workers. In the latter case, however, the labour inspectorate has to be informed at least 24 hours after commencement of this "extra" overtime and be provided with proper reasons for its occurrence.

The Netherlands:

In cases of emergency or extreme necessity and for certain categories of workers such as drivers and hotel workers, exceptions and deviations from overtime standards are granted through dispensation from a labour inspector. Flexible working-time arrangements can be exempt with special permission from the labour inspectorate, provided these arrangements comply with certain standard basic principles.

Japan:

Because there are very few legal restrictions on overtime, there cannot be many exemptions. Labour ministry guidelines on overtime maximums clearly influence labour unions and employers in their negotiations on overtime provisions. As the most recent experience in Japan has shown[3] there is no need for collective agreements to coincide with those guidelines. Even where restrictions exist (e.g., on overtime of female workers), they are softened through along list of exceptional circumstances and exclusions from them (e.g., the whole service sector is excluded from these restrictions).

Information, Authorization, and Codetermination Requirements

A final form of regulation, which concerns the degree of restrictiveness of overtime work, is the amount of information, authorization, or codetermination requirements inherent in employers' decisions on the subject. A sample of intercountry variations typically stemming from legally prescribed statutes or collective bargaining is presented below.

Denmark:

If collective agreements exist, no prior consultation with workers or workers' representatives is necessary.

Sweden:

Emergency overtime and emergency additional time may be resorted to only if the employer has notified the local union organization. General overtime is subject to negotiation and agreement with employees' representatives according to Swedish codetermination laws. Employers have to provide open information (records) on all forms of overtime worked. Overtime bans have been used by unions in the past as a form of industrial action.

Austria:

Extensions of working time (additional time) or overtime can be achieved only through collective agreements or the authorization of the labour inspectorate and after prior consultation with employer and worker representatives. Workers can be required to work normal overtime provided there are no "opposing and worthwhile employee

interests" (AZG, 1977, 6, Art. 2). Working-hour arrangements have to be posted in a clearly visible location, and employers must keep records, to be available for the labour inspectorate, on all forms additional and overtime hours.

West Germany:

The West German codetermination law provides the works council with an enforceable veto right in all matters related to working-time arrangements. In practice, there are two aspects which mitigate against the unions' use of this veto power. First, there is the considerable amount of flexibility of working-time schedules, over which unions have little control. Secondly, West German labour counts, in their decisions on disputes over overtime work, have softened the legal provisions by judging emergency situations as either legally not applicable or as unreasonable interpretations of the law (Weidinger and Hoff 1984, p. 24). Special prior authorization is required if more than 2 hours of overtime per day are to be worked.

France:

Overtime hours in excess of basic or "equivalent" hours[4] may be worked only with the prior authorization of the labour inspectorate and following consultations with union representatives. As far as flexible working-hour schemes are concerned, a central framework agreement exists which advocates the introduction of such schemes provided the relevant works council is consulted and raises no objections.

The Netherlands:

Authorization through the labour inspectorate applies only to overtime beyond the statutory 48-hour norm (hence, the first 8 hours of overtime per week in cases of 40-hour agreements need not be authorized). Flexible working-hour schemes involving a credit-hour element require special permission from the labour inspectorate.

United Kingdom and Japan:

No legal or centrally (nationally) bargained information,

authorization, or codetermination requirements exist in either of these countries.

Summary

The previous review of working-time laws and centrally agreed-upon and binding provisions in collective bargaining across Europe and Japan indicated a considerable amount of variability in basic philosophy, coverage, and regulatory practice. Although generalizations are always difficult to make in such circumstances, a number of observations can be made.

- A standard workweek of 40 hours has become the norm for most European countries. Only Italy, the Netherlands, and West Germany still prescribe higher standard weekly hours of 48. However, these legislative requirements are often exceeded by more stringent collectively agreed-upon norms at the industry or plant level. Japan at the present time is drafting legislation to lower its standard hours from 48 to 45. Standard-hours statutes are of; prime importance to workers outside the bargaining framework, as is particularly true for the large non-unionized small business sectors in Japan and Europe. Such statutes are also significant in triggering overtime payment guarantees and authorization procedures.

- In most countries, employers are required to obtain some form of authorization for overtime work from the labour inspectorate or its equivalent for either general overtime exceeding maximum hours (France, the Netherlands, Italy) or for overtime exceeding overtime limits as set out in statutes (Austria, West Germany, Sweden). Notable exceptions are Denmark, the United Kingdom, and Japan, where no such authorization is required. These authorization procedures are in some respect similar to Ontario's "general" (100) hours and "special" overtime working permits. Their effectiveness appears to depend to a large measure on developments in collective bargaining. Overtime restrictions become redundant when, over a period of time, collective bargaining has established lower norms for basic

hours and overtime as compare to work statutes dating back decades.

- In view of the above, a number of European jurisdictions have more recently updated their hours of work legislation, as is shown in Table 6.

- Possible, in contrast to Ontario and with the exception of the United Kingdom and Japan, European regulations now as in the past have been primarily designed to restrict all regular or permanent types of overtime work, usually by allowing only overtime work necessitated by unforeseeable events or by unusual production conditions so as to preclude the implementation of long working hours. Within this general philosophy, however, considerable intercountry variation exists with respect to the way in which labour inspectorates have tended to interpret and view necessary versus unnecessary overtime. Generally speaking, countries like Sweden, Austria, and the Netherlands have shown a more restrictive attitude towards "excess" overtime, with Italy, and until recently also France, falling into the opposite category. Long-term labour shortages in specific skill categories (such as Ontario's tool and die makers) or the need for workers to complement low-paid work with overtime hours in most European jurisdictions, would not have constituted sound reasons to grant overtime permits.

- Given the varied demands to schedule production efficiently in an uncertain world, there is now a growing recognition among Europeans that legal statutes may provide very blunt and inflexible measures as compared to collectively agreed standards. The multitude of existing exemptions for particular industries and occupations, typically spelled out in overtime employment statutes, also attests to this. This fact will prove even more true in the future, when individualized flexible hour systems, now well under way in a number jurisdictions, have become the norm. The latter stems from the fact that these systems contain time off compensation schemes which require modification in present overtime hours

legislation. Whether collective agreements or statutes will become the more relevant regulatory device is a political question that ultimately will rest upon the varying economic and political strength and influence of European unions.

- All European jurisdictions specify overtime premiums, which are often further improved in collective agreements. If statutes and collectively agreed norms differ, a two-tier system is often adopted, whereby hours exceeding the collectively agreed norm are paid with a higher premium than those exceeding statutory norms. In contrast to the United States, however, Europeans have been less interested in curtailing overtime through systematic legislative increases in overtime compensation rates.

- Restricted overtime provisions towards "protected" groups of workers typically involve women, young workers under 18, and, recently, also part-time workers. Women and young workers are usually precluded from working at night or on weekends. The latter provisions have now come under discussion in a number of European countries, in the context of equal opportunities for men and women. Provisions originally intended to give certain groups protection now appear to disadvantage them from work opportunities.

- At least until 1983, overtime restrictions and their legislative changes had been primarily designed and conceived ass improvements in working conditions. A notable exception may have been France, which long ago introduced time-off compensation schemes with an eye to creating employment. This has not been true for reductions in standard hours which were pursued, for example, by the EEC commission in 1983 as a measure to create employment. The resulting council recommendation, however, has not been adopted (Kaeding 1986, I). Since 1983, the public debate over overtime reductions in order to create employment has intensified, particularly in the Netherlands, West Germany, and Sweden. For example, strong public pressure now exists in West Germany to reform working-

time laws in the direction of flexible working-time arrangements, with time rather than cash compensation for overtime (Kaeding 1986, p. 48).

- So far there has been relatively little interest in Europe in restricting overtime through changes in the overtime premium or the taxation of overtime hours. An exception to this is a recent legislative proposal by the West German state of North Rhine Westphalia, which foresees increases in overtime; pay to 200 per cent and a cancellation of tax deductibility for overtime pay on the part of employers (Kaeding 1986,p. 48).

- Throughout Europe, there now appears to be a clear trend towards a greater flexibility in working-time arrangements,[5] which will pose a far greater challenge in the control of long hours from the perspective of both legislation and collective agreements.

MOTIVATION AND ECONOMIC INTERESTS IN OVERTIME BY THE PARTNERS TO THE EMPLOYMENT EXCHANGE

This section draws heavily on information provided by various ILO monographs on overtime in particular countries, including Sweden, Italy, West Germany, Ireland, and the U.K. Where available, further survey evidence has been reviewed.[6]

Empirical evidence from econometric studies on the preferences that the parties have revealed by their actions (as opposed to preferences indicated in surveys) in this section will be referred to only tangentially. A more thorough discussion will be provided in the last two major sections, within the context of the policy debate over hours reductions. In order to prepare a convenient overview of varying economic interests and motives of the social partners in overtime work, a content analysis of survey results has been carried out which counted and ranked (where available) reasons for overtime. The results of this exercise are provided below in Table 8.

Table 8
Employer and Employee Interests in Overtime

Reasons provided for interest in overtime work	West Germany	United Kingdom	France
Reasons given by workers	1-non-contractual obligations towards employer (difficult to refuse overtime) 2-extra income 3-time compensation 4-contractual 5-intrinsic work evaluation -interest for more overtime limited to young and foreign workers	1-additional income provided through overtime -lacking alternatives for advancement of income	n.a.
Reasons given by employers	1-short-term manpower flexibility to respond to unforeseen events 2-capacity utilization 3-relative low costs of manpower adjustment through overtime	1-short-term adaptability of manpower toward uncertainty 2-maintenance and emergency repair situations 3-systematic or customer overtime -non-desirability of time arrangements in shiftwork	-flexibility of manpower adjustment

table 8 continued

Italy	Austria	Ireland	Sweden
-financial incentives -compensatory time-off options resulting from overtime -low pay and lacking alternatives to increase income	-contractual and non-contractual obligations -extra income -compensatory time off -indifference over work-time changes -little incentive to accept time reduction without wage compensation	-monetary incentives -low pay -custom	-financial attractiveness of overtime when real wages fall -possibility of taking compensatory time off
-low cost option of adjusting overtime hours -skilled worker shortages	-short-term adaptability to variability in demand	1-employee absenteeism 2-nature of production process or service activity 3-to carry out work which would interfere with normal 4-to meet deadlines and/or increases in demand 5-problems in obtaining raw materials and supplies 6-capacity utilization	-relatively low cost of temporary manpower adjustment through overtime -temporary shortage of workers

Employer Interests in Overtime

By far the most important reason given by employers for working overtime was the need for flexibility to balance production requirements in the face of fluctuations in product demand, followed by reasons of lower costs of overtime in relation to new recruits. When taken together, both arguments are well known to economists as the "employment-hours trade-off decision under alternate fixed cost of labour," around which a large literature on labour hoarding has developed in recent years (e.g., Nickell 1978). Reasons of better capacity utilization and skill shortage can be considered subsets of the same "fixed cost of employment" argument.

A second set of employer motives, particularly prevalent in the British and Irish surveys, deals with systematic and permanent overtime. In this context, a number of organizational factors and reasons should be cited. for example, a shift system may not easily divide to match the normal weekly hours of each shift worker (e.g., a continuous 168 hours per week shift operation with a four crew system creates an actual working week of 42 hours, yielding two hours of overtime). In machine-paced processes, the maintenance, cleaning and related tasks may always be allocated to overtime. Survey evidence of overtime in British industry has confirmed the existence of this kind of regular overtime worked by the same persons, in the same firm, in the same industry, and over considerable periods of time (Whybrew 1968, p. 19). Given the higher cost of overtime, this begs the question as to why employers have not experimented with alternate shift or working-time arrangements such as flexi-time hours systems. One possible explanation is inertia or rigidity in historically grown work norms, resulting in organizational inefficiencies (Leibenstein 1976). Related to the above question of efficiencies in varying forms of work organization, and once more associated with British evidence, are work arrangements whereby workers with low wages are given the opportunity to raise their incomes by working overtime. For example, in Great Britain overtime appears to be worked most in grades and industries with below-average wage rates (Blyton 1985, p. 57). Thus, employers may only be able to attract labour and avoid conflict by combining low pay with the offer of permanent overtime.

Another important aspect related to recent increases in overtime employment in a number of industrialized countries has to do with managements' attempts to downsize, to remove and reduce traditional job demarcation practices, and to streamline their organization. Fears of returning to previously inefficient patterns of work organization may now often lead management to the opposite extreme of resisting any form of new recruitment, even though this may not be entirely economical from both a short- and long-run perspective. From a theoretical perspective, it thus appears that both market factors as suggested by neo-classical economists for example (Hart 1986), and persisting institutional rigidities as suggested by institutionalists (e.g., Leibenstein 1976), can be used as explanations for employers' demands for more overtime.

Employee Interests in Overtime

Survey results have found a dominance of monetary incentives to explain the motivates of employees to work overtime. In jurisdictions where compensatory time-off schemes are available, workers also indicate an interest in working overtime in order to rearrange their weekly or monthly working schedules. Low pay and lacking alternatives for higher paying jobs are equally often cited as reasons for working overtime. In some industries and jurisdictions, workers in low-paid jobs can control the amount of both overall work and overtime work through simultaneous absenteeism and moonlighting or working overtime (e.g., the Italian report on overtime refers to this phenomenon taking place in certain sectors (de Grazia 1985, p. 60). There is some evidence of this also happening in the Canadian environment (Mikalachki and Chapple 1977). Finally, employees may not want to refuse overtime work on account of loyalty towards the employer or for reasons of fearing subsequent consequences in terms of future job assignments, advancement, and the like. The latter reasons may be of greater significance for managerial and supervisory personnel working long hours, but they may also hold true for other classes of workers (see, e.g., West German survey evidence).

In summary, employee motives to work overtime include both a

desire to receive an overtime premium and a desire to determine their individual optimal mix of leisure and working hours.

Union Interests in Overtime

A European trade union consensus on overtime working has so far been prevented by numerous factors: variations in individual workers' work/leisure preferences; varying institutional rigidities across jobs, firms, industries, and jurisdictions; and dualistic working conditions across segmented labour markets. The dilemma which trade unions face, even in a highly centralized bargaining system such as the West German, has been well documented in a recent case study of overtime politics involving the West German car industry (Streeck 1984, pp. 106-57). Both unions and works councils have to balance the two goals of income and employment security in order to protect and enhance their members' interests. Given sufficient variations in the preferences of union members, this in itself can lead to works councils' taking opposing positions on overtime within the same industry (Streeck, ibid.). Although in the past, Britain's TUC has provided active support for the reduction of overtime by issuing guidelines to local unions and negotiators, results so far have been rather disappointing as various TUC progress reports in 1983 and 1984 indicate (White 1984, p. 70). Unions in the nordic countries, including Sweden's LO and TCI, while supporting shorter hours on social grounds have not accepted the argument of creating jobs through reductions in overtime. Indeed, only recently, at the occasion of the drafting of new working-time laws, have Swedish unions agreed to an increase in general overtime to 200 hours per year. At the same time a number of national union organizations, notably the French, Irish, Austrian, Dutch, Italian, and German union federations, have opposed persistent and excessive overtime work and have suggested its reduction through legislative measures. In many respects the European Trade Union Confederation (ETUC) has been influential in establishing a relatively collective approach on overtime working. In 1978, it drew up a unified response to a number of proposals by the EEC Commission, designed to limit overtime working in the Common Market countries. These proposals will be discussed in greater detail in the following section, which deals with national policies towards overtime.

In summary, as revealed in national inquiries and surveys, Europe's motives behind overtime, appear not too dissimilar from those prevailing in Ontario. Notwithstanding economically valid arguments of differential adjustment costs between hours and employment, country surveys have also unearthed information on employee and employer behaviour, which suggests inefficiencies in existing overtime arrangements. These inefficiencies stem from constrained choices of workers owing to the involuntary character of some overtime on the one hand and, on the other hand, management's often myopic perceptions of alternate production and time arrangements. The greatly varying speed and level of diffusion of new shift and flexible time systems, within and across industries and jurisdictions, may be only one indication of such inefficiencies. Since efficient market responses and inefficient uses of overtime may coexist, a key problem will be to distinguish between economically necessary and wasteful overtime. It will be almost impossible to prove or disprove scientifically as to whether de jure restrictions on overtime have obliged employers and workers to be more conscientious in establishing norms which secure satisfactory output and earnings without resorting to overtime, or whether the absence of legislation might have lowered employer incentives to embark on a negotiation process to introduce changes needed to maintain production without considerable amounts of overtime (NBPI 1970, p. 55). The British experience of excessive overtime and weak employment legislation, combined with a highly decentralized bargaining system, at least poses questions of causality.

THE ONGOING DEBATE OVER GOVERNMENTAL POLICIES TOWARDS HOURS RESTRICTIONS AND OVERTIME REDUCTION IN EUROPE

Assessment of Current Trends and Developments in Working Hours Within the Framework of Secular Changes

As we have seen, broad similarities in the pattern of hours reductions in industrialized countries have appeared over the past three decades. Stimulated by both increases in productivity and real income following World War II, hours were reduced from 48 to 45 or 44, with some countries going further than others. For example, France had established the principle of a 40-hour week as early as

1936. Collective agreements in various Canadian provinces and the United States similarly had introduced a normal 40-hour workweek ahead of most European jurisdictions. Although the 40-hour week was, in the latter case, more to be understood as a desirable goal or a basis for paying overtime than as a definition of workweek (Evans 1975, pp. 22 ff.), Japan remained above the industrialized countries' average with a normal workweek of 50 hours. The drop from 48 or 45 to 40 hours was less uniform and was spread over a longer period of time. Hours dropped below 45 in Great Britain as early as 1948, while the majority of European countries began reducing hours below 45 in the late fifties and early sixties. Hours reductions subsequently accelerated towards the end of the sixties and early parts of the seventies, resulting in workers' having achieved a 40-hour normal workweek in most European jurisdictions by the mid seventies (see also Tables 4 and 6). As we have seen, these reductions were achieved as a result of a mixture of both collective bargaining and legislative changes. Exceptions notwithstanding, there has been a slowdown in the pace of hours reductions in the last decade. At the national level, France changed the normal workweek from 40 to 39 hours (1982) and Ireland introduced a new Hours of Working Bill reducing standard hours from 48 to 40 (1984). In other European countries, reductions were restricted to particular industries (e.g., the engineering and printing industry in West Germany, from 40 to 38 1/2 hours, 1985). In some sectors such as West Germany's metal and engineering industries this could only be achieved with national strikes and subsequent mediation which was due in large measure to the economic importance of these sectors in terms of bargaining leadership and precedence. Dutch railway workers and French metal and chemical industry workers settled for 38 hours in 1985, and marginal changes in hours occurred in Italian banking, printing in Ireland, and discontinuous shiftwork in Sweden (ETUI 1985, pp. 81-82). At the present time, three interrelated developments, to be elaborated later in this section, can be distinguished.

1. Unions have renewed efforts at cutting regular hours into the 37-hour range and extending the coverage of workers under existing hours reduction guidelines. For example, as of

January 1986, 38% of employees covered by union agreements in West Germany had a working week of 38.5 hours or less (EIRR 146 1985, p. 6). In the Netherlands, hours reductions yielding an average of 38 hours per week went into effect in the engineering industry in 1985, followed by agreements to cut hours to 37 by the year 1987 in the construction industry (EIRR 137 1985, p. 13). Reductions in hours agreed to during 1985 often related to future periods as far ahead as 1989 (e.g., West German construction industry).

2. Government measures or voluntary private sector experiments to increase the flexibility of working-time arrangements (for example, West Germany's New Employment Promotion Act of 1985) relaxed the rules for short-time employment contracts, provided new legal provisions for part-time workers, and provided guidelines for flexible working hours and job-sharing (EIRR 137 1985, pp. 11-12). In Belgium, over 55 working-time experiments have so far been carried out on the basis of Royal Decree No. 179 (1983), which has led to a new central agreement on working-time flexibility. Within this agreement, from April 23, 1986, employers are offered new far-reaching opportunities to reorganize working time in exchange for negotiations with the unions on the methods for implementation and a number of employee rights (EIRR 150 1986, pp. 11-12). France, in an attempt to correct previous "solidarity contract" schemes, implemented measures to promote part-time and contractual employment (EIRR 136 1985, pp. 12-13) and finally in 1985 introduced a highly controversial Bill on working Time Reorganization, which in the main suggests working patterns based on annualized hours (EIRR 144 1986, pp. 10-11). Extensive experiments on hours reorganization have been carried out over longer periods of time in many private sector corporations, such as the Philips Corporation in the Netherlands (EIRR 150 1986, pp. 13-16).

3. Throughout 1985 and 1986, and largely under political pressures, European governments have renewed the debate on reductions in overtime work in order to stimulate employment.

West Germany is presently considering this option, and, as of June 1986, Sweden has considered a ban on overtime working.[7]

National Debates on Hours Reduction, Efficiency, and Employment Creation

Developments shown so far in this section and the preceding section of this study have identified most European unions as pushing for a reduction in the normal working week to 37 hours, with a longer-term goal of achieving a 35-hour week by 1990. Employers, however, prefer an individualization of working-time arrangements coupled with an expansion of part-time employment. European governments, reflecting the political pressures arising out of long-term unemployment, have resorted to a multitude of often contradictory measures in order to create employment and redistribute work. Jurisdictions such as the U.K. and Denmark have in this regard traditionally been less interventionist. France, however, undertook a multitude of measures, from hours cuts to subsidized solidarity contracts aimed at redistributing work from older to younger and from full-time to part-time workers. West Germany has concentrated on a combination of early retirement, increases in school-leaving age, subsidized short-time working schemes, and hours reductions. Austria and the Netherlands are trying a combination of earlier retirement schemes and hours cuts, and Italy has recently introduced solidarity contracts along French lines (EIRR 139 1985, pp. 17-19). All governments are now looking at alternative and flexible schemes of working-time arrangements. The latter reflects a growing recognition that:

- at best, working-time reductions can only redistribute working time and income but not increase it, which is to say they do not substantially affect the causes underlying the present unemployment situation; and
- if working-time reductions are to be at all effective, the form of working-time reductions becomes critically important. Thus, the debate has shifted substantially from grand macro schemes of worksharing and employment creation (and associated modelling exercises of macroeconomic employment effects), to affecting employment through a better understanding and

modelling of the microeconomic foundations of working-time changes.[8]

Accumulated European as well as Japanese evidence on both the macroeconomic and microeconomic effects of hours and overtime hours changes upon employment have in part been responsible for a major policy shift. Below, we report some findings.

Macroeconomic Simulations of Employment Effects Associated with Shorter Hours of Work

This section summarizes major empirical findings and the potential sources of bias inherent in the simulation results of macroeconomic models.[9] Depending upon the country, coverage of economic sectors, and characteristics of the models involved, estimates of the effects of a 1 per cent reduction in normal hours worked are shown to yield changes in total employment ranging from a low of .067 per cent to over .846 per cent or a variation of more than 1250 per cent. Even when standardizing for implicit wage compensation and capacity utilization effects, variations in model results in the order of 300 to 400 per cent remain (van Ginneken 1984, p. 40). The main reasons for the variability of results stem from the behavioural assumptions concerning the use of overtime and productivity. A number of studies carried out recently in the U.K. have shown that standard hour reductions lead to a substitution of overtime for standard hours whenever firms are unconstrained with respect to the use of overtime.[10] Where the use of overtime is restricted, employment effects hinge critically upon productivity considerations. The latter have, however, proven intractable despite noble efforts at modelling. Most models have resorted to simple assumptions concerning scale effects or they use rules of thumb based on other, often historical, estimates of recorded productivity changes during previous periods of reductions in the standard workweek.[11] Apart from the arbitrariness of productivity assumptions, these practices raise serious questions for micro models (to be reported later). In particular, they question whether firms presently produce under conditions of overtime equilibrium in the face of productivity gains and (at the margin) unchanging overtime premiums from overtime reductions. All in all, and leaving productivity considerations

aside, a first and tentative conclusion from these macro models is to infer only conservative employment expansion coefficients of between 0.2 and 0.3 for such countries as the U.K. (White 1982) or France (Baron, Rigaudiat, and Doyelle 1982; Marchand, Rault, and Turpin 1983) and between 0.3 and 0.4 in jurisdictions such as the Netherlands (van Schaik 1979) or West Germany (DIW 1983).

Microeconomic Consequences of Hours Reductions: National Debates and Empirical Evidence

Hours reductions instituted by European governments throughout the seventies and early eighties did not produce the expected employment-enhancing effects in terms of full-time workers. Legal restrictions notwithstanding, these measures led, in some jurisdictions, to a relative increase in the amount of overtime as well as in increases of part-time and contractual work. Above all, hours reductions did not solve the unemployment problem of youth, which had been particularly severe in such countries as the U.K., France, and Italy. As a consequence, many European jurisdictions, notably France and Italy, began subsidizing schemes of work redistribution. For example, France introduced "contracts de solidarite," through this scheme, French employers received state subsidies for newly hired employees if a contract was signed with the Ministry of Labour specifying a cut in the standard week by at least a further 2 hours and resulting in a basic working week of at most 37 hours by January 1983, or 36 hours by September 1983. The hours reduction would involve all or part of the workforce. State subsidies took the form of a partial or total exemption from social welfare payments for new recruits above the existing workforce. Similar schemes were introduced for the earlier total and partial retirement of workers in exchange for the employment of young workers. A number of policy revisions were carried out subsequently in order to remove further constraints to hiring the unemployed by providing for part-time and contractual working, by relaxing lay-off provisions, and by further stimulating investment (EIRR 136 1985, pp. 12-13). The experience of the French, of Italian worksharing schemes, and the rise of overtime hours in Great Britain all illustrate the importance to be attached to varying factor prices for inputs and highlights the "fixed cost of employment" argument. A number of both theoretical and empirical

studies from Europe have recently tested the relevance of the fixed-cost hypothesis in the context of the European policy debate and actual labour market interventions (Bodo and Giannini 1985; Calmfors 1985; Hart 1984; Kraft 1986; FitzRoy and Hart 1986; IFO/IAB inquiry 1983, Disney and Szyszczak 1984). A number of observations emerge from these studies.

- Worksharing schemes have to reckon with fixed costs of employment, which in turn vary across different groups of workers. They are at times difficult to calculate and miscalculations through inappropriate wage subsidies lead to unintended substitution effects. "Hence government policies enhancing worksharing via alterations of the firm's total cost structures are fraught with as yet unsolved problems" (Hart 1984, p. 183).

- Differential fixed costs of employment can stem from a variety of both efficient and inefficient sources of market responses: the differential protection of employees; characteristics of labour market information including signalling differentials; variations in the efficiency of alternate education and training systems; an inadequate (or incorrect) pricing of a firm's employment alternatives.

- The above two suggest that governments should adopt worksharing schemes which efficiently reallocate working time within an overall framework of hours reductions, without yielding undesirable scale effects. Flexible time arrangements in which overtime is to be compensated by time off and calculated over longer periods of time (annually) would fall into this category. Almost all European governments are now encouraging flexible time arrangement schemes of one sort or another.

<u>EEC Commission Proposals to Restrict Overtime</u>

It may be instructive to review briefly three models of overtime restriction schemes introduced (but not adopted) by the EEC Commission in 1978 (ETUI 1979 9, pp. 20-23).

The Three Models Initially Submitted by the Commission

These three models are all based on the principle that only a certain overtime quota can be compensated by payment. Above this quota, compensation must be made in the form of time off in lieu. The proposed models are as follows:

1. In the first model, the threshold is the legal or agreed number of working hours per week. Beyond that the model fixes an annual quota of 90 or 120 hours per annum for which compensation is exclusively by payment. Above this quota, compensation is made in the form of time-off in lieu.

2. In the second model, the threshold is a 40-hour working week. Three stages -- of 42, 45, and 48 working hours per week -- are then established. Beyond this quota, compensation is exclusively in the form of time-off-in-lieu. Within this quota, compensation for 40 to 42 hours per week is made 75% by payment and 25% by time-off in lieu. From 42 to 45 hours, the ratio is 50% by payment and 50% by time-off in lieu. From 45 to 48 hours, the ratio is 25% by payment and 75% by time-off-in-lieu.[12]

3. The third model resembles the second with regard to compensation within the quotas. However, in this model the quotas themselves have lower upper limits which digress further by stages (e.g., no hours between 40 and 42 hours; 90 hours between 42 and 45 hours and 60 hours between 45 and 48 hours).

Second Commission Document

A subsequent proposal was based on the principle that it is impossible to ban all overtime, as such a ban would eliminate an element of flexibility that is indispensible if companies are to meet variations in demand. However, the Commission notes that frequently overtime is worked on a regular basis and that a restriction on overtime could therefore help to create new jobs. According to the Commission proposal, this restriction would be based on the principle of compulsory compensation in the form of time-off in lieu beyond a certain threshold.

This would function as follows:

- o the threshold is fixed at 25 or 26 hours overtime per quarter;
- o up this threshold, overtime is compensated by payment according to provisions in force in each member state;
- o beyond this threshold, compensation is made in the form of time-off in lieu;
- o this compensation in the form of time-off in lieu must be made within a period of 3 months to one year after the overtime is worked;
- o there would be a possible provision for an absolute maximum working week; and
- o compensation in the form of time-off in lieu would be made on the basis of straight time, with possible increases to be determined by collective agreements.

The European Trade Union Confederation (ETUC) position on the various EEC proposals was one of cautious support with respect to suggested compensation schemes for overtime. The ETUC was concerned that union control and the notion of overtime restrictions may not remain firmly rooted in collective bargaining. The ETUC similarly objected to the relatively long periods of calculation for overtime compensation and instead pleaded for treatment on a weekly basis. These concerns illustrate the difficulties of restricting overtime within more flexible time arrangements on account of unions' fear of loss of control (EIRR 129 1984, pp. 22-24; Weidinger and Hoff 1984, p. 116).

Marginal or problem groups in labour markets have benefitted little if any from general worksharing schemes. Hence, invariably governments have had to resort to additional measures such as sheltered employment and youth training.

SUMMARY AND CONCLUSIONS

The evaluation of policy approaches towards overtime work among select European jurisdictions has shown a considerable amount of variation both in terms of philosophy and implementation measures ranging from complete laissez-faire, as in the British case, to a presently announced ban on overtime in Sweden. Preoccupation with overtime restrictions in Europe has to be viewed and understood within the broader time frame of economic growth and labour market developments. Overtime work rose steadily in the sixties and peaked in 1970 without causing much concern. It was only the stagflationary experience of the seventies which made reductions in overtime work a new and desirable objective. At the same time, labour markets underwent considerable structural changes with implications for employers' trade-off decisions concerning the desirability of longer hours of work versus new employment. Rising fixed costs of employment, heightened uncertainties about both technological changes and product demand, and the experience of two oil shocks raised the demand among many European employers for more flexible mechanisms for adjustments within the workforce. This desire has been well reflected in the rise of contractual, part-time work and hours of overtime throughout the seventies. The extent to which employers' demands for greater employment flexibility were met, in turn, was dependent on differing supply conditions such as the availability of migrant or female labour and the ability of the education and training system to provide the right skills.

Fixed costs of employment have been equally affected by the degree of protection provided to the new labour categories. Increased unemployment -- massive, for some groups -- during the latter part of the seventies and early eighties induced a change in basic strategies among many European trade unions towards a greater emphasis on employment security and stability. Demands for shorter hours and reductions in overtime hours to redistribute work typically fell into the category. As a consequence of these changes in both the labour market performance and the industrial relations and collective bargaining environment, European governments have become more actively involved with respect to:

- adjusting and reorganizing working-time laws and employment standards to keep in line with these newer developments in collective bargaining; and, more importantly,

- evaluating economic consequences of options for rearrangements in working time.

The following observations provide a brief summary and conclusion of past European experience with policies on overtime work.

1. Before one makes comparisons or considers the relevance of foreign experiences, a large number of institutional differences between European jurisdictions and Canada must be taken into account. As an illustration, the trade and service sectors in most Canadian provinces, including Ontario, as a rule have much more liberal regulations on hours of business than do their European counterparts, resulting in less scope for overtime work in those sectors in Europe. Differences in the behaviour of overtime in specific occupations or sectors can also reflect structural peculiarities of specific labour markets for example, longer-term shortages of specific skills, as illustrated by tool-and-die makers in Ontario). This observation not only suggests caution when making comparisons between jurisdictions, but also implies the potential usefulness of alternate human resource and labour market policies in combatting the simultaneous existence of unemployment and excessive overtime.

3. National debates in Europe over worksharing originally emphasized short-term cuts in standard hours of work as a means of maintaining and creating employment. The discussion has now shifted to consider the economics of alternative worksharing schemes including earlier retirement, increases in holiday periods, extension of the compulsory school age, cutting of overtime work, and the introduction of flexible working-time systems. Although many jurisdictions find themselves still in

the process of both calculating and experiencing employment effects associated with worksharing schemes, it is probably fair to state that both calculations and expectations so far have not been met by facts. As a consequence, policy discussions have now turned to consider efficiency properties of alternate working-time and worksharing schemes.

3. A number of European studies have indicated that inefficiencies with respect to the use of overtime exist and that reductions to lower levels would therefore be both technically feasible and economically justifiable. For example, a recent analysis on overtime reductions in West German manufacturing over the 1980-85 period found that over 75% of recorded reductions were achieved through a combination of changes in shiftwork and working-time rearrangements, together with increases in productivity; only 25% were due to lowered sales or production (IFO/IAB Project 2-345 1986, p. 13). Many experts now speak of achievable average minimum overtime requirements in the order of a 2.0 to 2.5% overtime intensity on an annual basis. Overtime intensity has furthermore declined appreciably in most European jurisdictions over the past ten years. Possible lessons for Ontario may be found, for example, in the combined overtime premium and compensatory time-off schemes used in France, or in the development of incentives to promote flexible time systems with credit-time elements. Such schemes would satisfy considerations of both efficiency and employment creation.

NOTES

1. Further details can be found in de Grazia 1985, pp. 41-45).

2. For details, see Hanami (1985, pp. 131 ff.).

3. The Japan Economic Journal (1986). June 7, p. 28.

4. The French Working Time Act (1936) defines an equivalent of 42 to 46 hours as standard hours when production brings with it a "habitual nature of slack hours" (e.g., hairdressing).

5. For a good discussion, see William McEwan Young (1982).

6. For West Germany: Engfer et al. 1985; Reyher et al. 1985; IAB Projekt 2-345; Moll et al. 1983; Streeck 1984. For Great Britain: National Board for Prices and Income 1970; Whybrew 1968; White 1982; Fishwick 1979; Blyton 1980; Hart 1984, 1986. For France: Marchand et al. 1983; Gauthier 1981; Baron et al. 1982. For Italy: Cacioppo and Tempia 1982. For Sweden: Axling 1983. For Austria: Lamel-Chaloupek 1984. The position of European unions has been conveniently summarized by the European Trade Union Institute (ETUI 1979).

7. According to as yet unconfirmed information from the Ontario Ministry of Labour.

8. For similar views on this, see also Hart (1987). OECD and EEC labour market experts have communicated analogous views to the author. See also EIRR 129 (1984, pp. 22-24).

9. For further discussions and an overview of structural and technical details in econometric employment models, see van Ginneken (1984) and Hart (1987).

10. They have been reported in Hart (1987).

11. The 50% rule appears quite common; e.g., a marginal reduction of 2 hours from 40 to 38 hours is assumed to produce an employment effect of only one hour on account of balancing productivity gains. The assumption traces back to work done by Denison (1962). For a West German application, see Schettkat (1984) A Japanese application can be found in Tsujimura (1984, pp. 67-84).

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